

# *Legislative Summary*

*2005–2006 Session*



# INTRODUCTION

This booklet provides a summary of legislation from the 2005-2006 Regular Session of the California Legislature that impacts the California Public Employees' Retirement System (CalPERS). The format for this booklet contains four main parts:

## Index of Bills by Program Area

The index identifies the bill number, author, topic, and final status for each bill pertaining to that subject. Under each program area heading, the bills are listed in bill number order grouped by each status type: enacted, failed, or vetoed. Bills listed with an asterisk (\*) in the status column contained provisions pertaining to that subject at some point during the legislative session, but were subsequently amended to no longer relate to that subject. Bills with provisions pertaining to multiple subjects are listed under each applicable subject heading.

## Summary of Legislation by Bill Number

The summary of legislation presents, in bill number order, the bill number, author, final status, CalPERS Board position (if any), title, and summary for each bill identified in the list of legislative bills by subject. For bills that were enacted as an urgency statute, the last line of the summary identifies it as an "urgency measure" and notes the effective date of the bill. The effective date for all other bills enacted without an urgency provision is January 1 following the year of enactment.

## Cross Reference of Enacted Legislation

These tables provide for a quick overview of all chaptered bills included in this summary, and have been organized by bill number, as well as by chapter number.

This publication is prepared by CalPERS Office of Governmental Affairs. We hope you find this summary of legislation a useful reference and welcome your suggestions for improving future editions.

## Governor's Veto Messages



Office of Governmental Affairs  
P.O. Box 942720  
Sacramento, CA 94229-2720  
(916) 795-3689, FAX (916) 795-3270

# TABLE OF CONTENTS

## Index of Bills by Program Area

CalPERS Administration .....	1
Health Benefits: Cost and Quality .....	1
Health Benefits: General and Statewide.....	1
Health Benefits: Mandated Coverage .....	2
Health Benefits: PEMHCA.....	2
Health Benefits: Prescription Drugs .....	3
Investments (Including Corporate Governance and Home Loans).....	3
Judges' Retirement System .....	3
Long-Term Care Coverage .....	3
Retirement.....	4
Retirement: Contracting .....	4
Retirement: Defined Contribution and Hybrid Plans .....	5
Retirement: Membership (Including Classifications) .....	5
Retirement: Other Systems: .....	5
Retirement: Service Credit .....	5
State Administration (Not limited to CalPERS).....	6

<u>Summary of Legislation by Bill Number</u> .....	7
--	---

## Cross Reference of Chaptered Legislation

By Bill Number .....	46
By Chapter Number .....	48

<u>Governor's Veto Messages</u> .....	50
---------------------------------------	----

# **INDEX OF BILLS BY PROGRAM AREA**

**2005-2006 SESSION**



# INDEX OF 2005-2006 BILLS BY PROGRAM AREA

## CalPERS Administration

Bill No.	Author	Topic	Status
<b>AB 19</b>	Leno	Gender-Neutral Marriage	Failed
<b>AB 456</b>	Torrico	Fraud: Definition and Penalties	Failed
<b>AB 1166</b>	Canciamilla	CalPERS' Omnibus Technical Bill	Enacted
<b>AB 1961</b>	Richman	Performance Audit of CalPERS	Failed
<b>AB 2244</b>	APER&SS	Disability Retirement & Technical Amendments	Enacted
<b>ABX1 4</b>	Torrico	Employer Rate Stabilization Accounts	Failed
<b>ABX1 5</b>	Torrico	Fraud: Definition and Penalties	Failed
<b>ACA 3</b>	Haynes	Marriage	Failed
<b>SB 697</b>	Kuehl	Increased Investigatory Authority	Vetoed *
<b>SB 880</b>	Ashburn	Rate Stabilization: Contingency Reserves	Failed
<b>SB 889</b>	Ashburn	Employer Rate Stabilization	Failed
<b>SB 1108</b>	Judiciary Committee	Code Maintenance (2005)	Enacted
<b>SB 1852</b>	Judiciary Committee	Code Maintenance (2006)	Enacted
<b>SBX1 2</b>	Dunn	Employer Rate Stabilization Accounts	Failed
<b>SBX1 4</b>	Soto	Increased Investigatory Authority	Failed
<b>SBX1 13</b>	Ashburn	Rate Stabilization: Contingency Reserves	Failed

## Health Benefits: Cost and Quality

Bill No.	Author	Topic	Status
<b>AB 774</b>	Chan	Hospitals: Fair Pricing Policies	Enacted
<b>AB 1045</b>	Frommer	Disclosure of Hospital Charges	Enacted
<b>AB 1046</b>	Frommer	California Hospital Report Card	Failed *
<b>AB 1672</b>	Nation	Electronic Medical Records	Failed *
<b>AB 2170</b>	Chan	Quality of Care Report Card Addition	Vetoed
<b>AB 2281</b>	Chan	Health Care Coverage with Deductibles	Failed
<b>SB 917</b>	Speier	Disclosure of Hospital Charges	Vetoed

## Health Benefits: General and Statewide

Bill No.	Author	Topic	Status
<b>AB 139</b>	Budget Committee	2005-06 Budget Trailer Bill	Enacted
<b>AB 354</b>	Cogdill	Telemedicine	Enacted
<b>AB 387</b>	Arambula	School Districts: Post-Retirement Employee Benefits	Failed
<b>AB 757</b>	Chan	Health Insurer Third Party Administrator Contracts	Failed
<b>AB 977</b>	Nava	Health Plans: Out-of-Pocket Cost Review	Failed
<b>AB 995</b>	Canciamilla	Taxation: Small Business Health Insurance: Credit	Failed
<b>AB 1116</b>	Yee	Hospital-Based Physicians: Balance Billing	Enacted *
<b>AB 1199</b>	Frommer	Health Care Point-of-Service Plans—Expense Limitations	Vetoed
<b>AB 1321</b>	Yee	Hospital-Based Physicians: Balance Billing	Failed
<b>AB 1670</b>	Nation	Universal Coverage: Individual Mandate	Failed
<b>AB 1671</b>	Richman	Cal-Health Act	Failed

\*Later version(s) of this bill do not include this subject matter or amendments no longer apply.

## Health Benefits: General and Statewide (Continued)

Bill No.	Author	Topic	Status
<b>AB 2450</b>	Richman	Health Care Coverage: Cal-Health Program	Failed
<b>AB 2737</b>	Nakanishi	Income and Corporation Taxes: Credit: Health Savings Account	Failed
<b>AB 2884</b>	Baca	Military Service: Benefits	Enacted
<b>SB 417</b>	Ortiz	Payment of Provider Claims	Failed
<b>SB 425</b>	Ortiz	HMO Rate Approvals	Failed
<b>SB 437</b>	Escutia	Children's Health Care Coverage	Enacted
<b>SB 739</b>	Speier	Hospitals: Infection Control	Enacted
<b>SB 840</b>	Kuehl	Universal Coverage: Single-Payer System	Vetoed

## Health Benefits: Mandated Coverage

Bill No.	Author	Topic	Status
<b>AB 8</b>	Chu	Mandated Benefits: Mastectomies and Lymph Node Dissections	Enacted
<b>AB 213</b>	Liu	Mandated Benefits: Lymphedema Treatment	Failed
<b>AB 264</b>	Chan	Mandated Benefits: Pediatric Asthma Management	Vetoed
<b>AB 1185</b>	Koretz	Mandated Benefits: Chiropractic Services	Failed
<b>AB 2012</b>	Emmerson	Mandated Benefits: Orthotic and Prosthetic devices	Enacted
<b>AB 2651</b>	Jones	Mandated Benefits: Newborns: Hearing Screening	Enacted
<b>SB 189</b>	Chesbro	Mandated Benefits: Substance Related Disorder Treatment	Failed
<b>SB 572</b>	Perata	Mandated Benefits: Mental Health Parity	Failed
<b>SB 913</b>	Simitian	Mandated Benefits: Biologic Therapies	Failed
<b>SB 1223</b>	Scott	Mandated Benefits: Hearing Aids	Vetoed

## Health Benefits: PEMHCA

Bill No.	Author	Topic	Status
<b>AB 256</b>	De La Torre	School Employees Health Coverage Study; Solano County Local Sheriff Definition	Enacted
<b>AB 477</b>	Baca	PEMHCA Coverage for IHSS Providers	Vetoed *
<b>AB 587</b>	Negrete McLeod	Medicare Part D Implementation	Enacted
<b>AB 1698</b>	Nunez	Dependent Health Care Coverage	Vetoed
<b>AB 2132</b>	Levine	PEMHCA: Retiree Benefits After Reinstatement	Vetoed
<b>AB 2242</b>	APER&SS	Vision Care: State Annuitants	Enacted
<b>AB 2411</b>	Aghazarian	PEMHCA: Health Savings Accounts	Failed
<b>AB 2544</b>	Pavley	PEMHCA: Public Agency Contributions	Enacted
<b>AB 2667</b>	Baca	PEMHCA: Contracting Considerations	Enacted
<b>AB 3041</b>	Pavley	PEMHCA: Medicare Part D	Enacted
<b>SB 154</b>	Chesbro	PEMHCA: Reciprocity with Other States	Failed
<b>SB 545</b>	Ortiz	CalPERS: Health Benefit Plan Changes	Failed
<b>SB 1091</b>	Maldonado	Vision Care for Annuitants	Failed
<b>SB 1168</b>	Chesbro	Rural Health Care Equity Program	Enacted
<b>SB 1445</b>	Alquist	PEMHCA: California National Guard	Failed
<b>SB 1729</b>	Soto	PEMHCA: Prefunding Retiree Health Care Benefits	Vetoed

\*Later version(s) of this bill do not include this subject matter or amendments no longer apply.

## Health Benefits: Prescription Drugs

Bill No.	Author	Topic	Status
<b>AB 71</b>	Chan	University of California: Drug Safety and Effectiveness Program	Failed *
<b>AB 73</b>	Frommer	Prescription Drugs Reimportation	Vetoed
<b>AB 75</b>	Frommer	Pharmaceutical Assistance Program	Failed
<b>AB 76</b>	Frommer	Office of Pharmaceutical Purchasing	Vetoed
<b>AB 78</b>	Pavley	PBM Disclosure Requirements	Vetoed
<b>AB 1359</b>	Chan	Prescription Drug Plan Standards.	Enacted
<b>AB 2408</b>	Negrete McLeod	Pharmacy Practices	Enacted
<b>AB 2911</b>	Nunez	California Discount Prescription Drug Program	Enacted
<b>SB 329</b>	Cedillo	California Prescription Drug Safety and Effectiveness Commission	Failed
<b>SB 452</b>	Alarcon	Medi-Cal: Contracts: Disclosure and Confidentiality	Failed

## Investments (Including Corporate Governance and Home Loans)

Bill No.	Author	Topic	Status
<b>AB 1398</b>	Plescia	Stem Cell Research: CalPERS Funding	Failed
<b>AB 1663</b>	Jones	Capitol Area Plan: Construction of Facilities	Enacted
<b>AB 2179</b>	Leslie	Indemnification: University of California Regents	Enacted
<b>AB 2570</b>	Arambula	Emerging Domestic Markets: State and Local Retirement Systems	Vetoed
<b>AB 2941</b>	Koretz	Targeted Divestment from Sudan	Enacted
<b>ACR 11</b>	Dymally	Divestment of Sudan Investments	Enacted
<b>ACRX1 1</b>	Dymally	Divestment of Sudan Investments	Failed
<b>AJR 6</b>	Koretz	Sudan: Darfur Genocide	Enacted
<b>SB 439</b>	Simitian	Disclosure of Private Equity Information	Enacted
<b>SB 1183</b>	Ackerman	Corporate Governance: Foreign Corporations: Supermajority Vote	Enacted
<b>SB 1207</b>	Alarcon	Majority Vote for Corporate Directors	Enacted
<b>SB 1609</b>	Simitian	Reverse Mortgages: Annuities	Enacted
<b>SCR 117</b>	Soto	CalPERS: Reverse Annuity Mortgages	Failed

## Judges' Retirement System

Bill No.	Author	Topic	Status
<b>SB 528</b>	Ackerman	Judges' Retirement	Failed
<b>SB 1187</b>	Ackerman	JRS II: Annuity Option for Early Retirees	Failed

## Long-Term Care Coverage

Bill No.	Author	Topic	Status
<b>AB 247</b>	Walters	Long-Term Care Tax Credit	Failed
<b>AB 1643</b>	Jones	Long-Term Care Pilot Project	Enacted
<b>SB 139</b>	Margett	Long-Term Care Income Tax Credit	Failed
<b>SB 1263</b>	Alquist	Long-Term Care Insurance: Income Tax Deduction	Failed

\*Later version(s) of this bill do not include this subject matter or amendments no longer apply.



## Retirement

Bill No.	Author	Topic	Status
<b>AB 214</b>	Richman	Three Year Final Compensation	Failed
<b>AB 386</b>	Lieber	MOU - Units 16 & 19	Enacted
<b>AB 514</b>	Richman	Cap on Disability Retirement Allowance	Failed
<b>AB 804</b>	La Suer	Patrol Members: IDR Benefits	Failed *
<b>AB 844</b>	Negrete McLeod	Increased Death Benefit for State Retirees	Failed
<b>AB 1044</b>	Aghazarian	Public Officials: Forfeiture of Retirement Benefits	Enacted
<b>AB 1369</b>	Nunez	MOU - Units 1, 3, 4, 11, 14, 15, 17, 20 & 21	Enacted
<b>AB 1458</b>	De La Torre	MOU - Units 10 & 18	Enacted
<b>AB 1526</b>	Bogh	Pre-Retirement Special Death Benefit Increase: Local Contracting Agencies	Failed
<b>AB 1600</b>	Niello	Final Compensation	Failed
<b>AB 2438</b>	Chu	Treatment of Pay for Industrial Disability Leave	Enacted
<b>AB 2766</b>	Montanez	Special Death Benefits for BU 12	Failed
<b>AB 2795</b>	Negrete McLeod	Reciprocity Among Retirement Systems	Failed
<b>AB 2930</b>	Laird	MOU - Unit 7	Enacted
<b>AB 2936</b>	Ridley-Thomas	MOU - Unit 5	Enacted
<b>ABX1 6</b>	Evans	Final Compensation Cap; Safety Retirement Cap; Safety Member Reemployment Plan; Conversion of IDR Benefit	Failed
<b>AJR 11</b>	Chan	Social Security Reform: Requests Well-Measured and Thoughtful Reform Measures by the President	Failed
<b>SB 105</b>	Speier	Disability Retirement: Medical Examinations	Failed
<b>SB 357</b>	Perata	MOU - Units 12 & 13	Enacted
<b>SB 379</b>	Margett	IDR Allowance: Increase Upon Attaining Minimum Retirement Age	Failed
<b>SB 881</b>	Ashburn	Election Rights for 1st Tier Service	Failed
<b>SB 882</b>	Ashburn	Three Year Final Compensation Period	Failed
<b>SB 883</b>	Ashburn	Reduced Benefit Formula for New Employees	Failed
<b>SB 884</b>	Ashburn	Prospective Application of Benefit Enhancements	Failed
<b>SB 916</b>	Speier	Limit on Workers' Compensation and IDR Benefits	Failed
<b>SB 973</b>	Kuehl	Survivor Continuance: Domestic Partners	Enacted
<b>SB 1065</b>	Ashburn	Public Employees' Retirement System	Failed
<b>SB 1093</b>	Soto	IDR and Special Death Benefits: Bargaining Unit 12	Failed
<b>SB 1443</b>	Ashburn	Public Employees' Retirement: Retirement Allowances	Failed
<b>SBX1 3</b>	Speier	Disability Retirement: Medical Examinations	Failed
<b>SBX1 6</b>	Ashburn	Three Year Final Compensation Period	Failed
<b>SBX1 7</b>	Ashburn	Prospective Application of Benefit Enhancements	Failed
<b>SBX1 9</b>	Ashburn	Election Rights for 1st Tier Service	Failed
<b>SBX1 12</b>	Ashburn	Reduced Benefit Formula for New Employees	Failed

## Retirement: Contracting

Bill No.	Author	Topic	Status
<b>AB 256</b>	De La Torre	School Employees Health Coverage Study; Solano County Local Sheriff Definition	Enacted
<b>AB 2863</b>	Karnette	County of Riverside	Enacted
<b>SB 211</b>	Ackerman	Joint Powers Agreements: Instrumentality of United States as Public Agencies	Failed
<b>SB 733</b>	Aanestad	Butte and Solano County Trial Courts	Failed
<b>SB 1273</b>	Soto	Public Agency Definition: Area Agency on Aging	Enacted

\*Later version(s) of this bill do not include this subject matter or amendments no longer apply.



## Retirement: Defined Contribution and Hybrid Plans

Bill No.	Author	Topic	Status
<b>AB 310</b>	Umberg	Investment Plans: Mandatory Defined Contribution Plans	Vetoed
<b>AB 511</b>	Richman	Defined Contribution Plans: Employer Contribution Rates	Failed
<b>ABX1 3</b>	Richman	Defined Contribution and Hybrid Plan for New Employees	Failed
<b>ACA 5</b>	Richman	Defined Contribution Plan for New Participants	Failed
<b>ACA 23</b>	Richman	California Public Employee Retirement Plan	Failed
<b>ACAX1 1</b>	Richman	Defined Contribution Plan for New Participants	Failed
<b>ACAX1 8</b>	Richman	Defined Contribution and Hybrid Plan for New Participants	Failed
<b>SB 888</b>	Ashburn	DB/DC Hybrid Plan	Failed
<b>SBX1 10</b>	Ashburn	DB/DC Hybrid Plan	Failed

## Retirement: Membership (Including Classifications)

Bill No.	Author	Topic	Status
<b>AB 30</b>	Negrete McLeod	CalPERS Membership: Part-Time Military Service	Failed
<b>AB 2632</b>	Negrete McLeod	Retirement Benefits: California National Guard	Failed
<b>AB 2934</b>	Koretz	Public Employees' Retirement System: State Safety Members	Failed
<b>AB 2945</b>	Spitzer	Safety Membership for Specified Department of Justice Employees	Enacted *
<b>SB 336</b>	Maldonado	Safety Membership Eligibility	Failed
<b>SB 886</b>	Ashburn	Safety Classification Study	Failed
<b>SB 887</b>	Ashburn	Safety Membership Justification	Failed
<b>SB 1697</b>	Soto	Military Service: Benefits (Military Department Report to the Legislature)	Enacted

## Retirement: Other Systems

Bill No.	Author	Topic	Status
<b>AB 55</b>	Mullin	CalSTRS: General Fund Allocation	Vetoed
<b>AB 224</b>	Negrete McLeod	Extension of Reciprocity	Enacted
<b>AB 538</b>	Harman	County Employees' Retirement: Rate Adjustments	Enacted
<b>AB 1568</b>	Torrico	Employer Rate Stabilization	Vetoed
<b>AB 1769</b>	Negrete McLeod	County Employees' Retirement	Enacted
<b>AB 1772</b>	APER&SS	CalSTRS: Technical Amendments	Enacted
<b>AB 2863</b>	Karnette	County Employees' Retirement: Pre-Funding	Enacted
<b>SB 525</b>	Torlakson	CalSTRS: Termination Benefits	Enacted
<b>SB 777</b>	Soto	County Employees' Retirement.	Enacted
<b>SB 877</b>	Speier	County Employees Retirement Law: Disability Causation Standard	Failed

## Retirement: Service Credit

Bill No.	Author	Topic	Status
<b>AB 705</b>	Nakanishi	IDPC Service Credit	Failed
<b>AB 1138</b>	Dymally	CHP Officers: Service Credit	Failed
<b>AB 1523</b>	Blakeslee	Military Leave of Absence Extension for State Employees	Enacted
<b>AB 2351</b>	Maze	Service Credit for Elected Official	Enacted
<b>AB 2355</b>	Negrete McLeod	Service Credit for CSU Academic Employees	Vetoed
<b>AB 3033</b>	Lieber	Public Employees' Retirement: Service Credit: Firefighters	Enacted

\*Later version(s) of this bill do not include this subject matter or amendments no longer apply.

**State Administration  
(Not limited to CalPERS)**

Bill No.	Author	Topic	Status
<b>AB 90</b>	Laird	2005-06 Budget Act	Failed
<b>AB 277</b>	Mountjoy	Closed Session Exemptions	Enacted
<b>AB 980</b>	Umberg	California Militia: Disability Benefits	Enacted
<b>AB 1373</b>	Umberg	MOU - Unit 7	Enacted
<b>AB 1558</b>	Wolk	Financial Interest in Public Contracts	Failed
<b>AB 1567</b>	Torrico	MOU - Unit 18	Enacted
<b>AB 1801</b>	Laird	2006-07 Budget Act	Enacted
<b>AB 2404</b>	Klehs	State Government Reports: Declaration of Accuracy	Vetoed
<b>AB 2927</b>	Leno	Public Records Act: Website Link for Requests	Vetoed
<b>SB 77</b>	Budget and Fiscal Review Committee	2005-06 Budget Act	Enacted
<b>SB 80</b>	Budget and Fiscal Review Committee	Revisions to the Budget Act of 2005	Enacted
<b>SB 621</b>	Speier	Memorandum of Understanding: Fiscal Information and Posting	Enacted
<b>SB 796</b>	Figueroa	State Government Operations: Accountability	Enacted
<b>SB 954</b>	Figueroa	Procurement of Information Technology Goods and Services	Enacted
<b>SB 1452</b>	Speier	State Audits	Enacted
<b>SCA 17</b>	Speier	State Officer: Compensation	Failed

\*Later version(s) of this bill do not include this subject matter or amendments no longer apply.

**SUMMARY OF LEGISLATION  
BY BILL NUMBER**

**2005-2006 SESSION**



# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 8</b> Chu  <b>07/25/2005-            Chaptered by            the Secretary of            State, Chapter            Number 127,            Statutes of 2005</b>		<b>Mandated Benefits: Masectomies and Lymph Node Dissections</b>  Requires that beginning on January 1, 2006, health and insurance plans provide minimum inpatient care of 48 hours to a woman undergoing a mastectomy, and 24 hours to a woman undergoing lymph node dissection for the treatment of breast cancer, unless a shorter period of inpatient care is determined appropriate by the patient and attending physician. This bill also requires, for either surgical procedure, coverage for a followup visit at the patient's home or the health care professional's office within 48 hours of inpatient care discharge.
<b>AB 19</b> Leno  <b>Failed Passage</b>		<b>Gender-Neutral Marriage</b>  Amends the Family Code to change the definition of marriage so that marriage is a gender-neutral legal contract.
<b>AB 30</b> Negrete McLeod  <b>Failed Passage</b>		<b>CalPERS Membership: Part-Time Military Service</b>  Provides pension benefits under CalPERS to members of the California National Guard, as certified by the Military Department, and requires active or inactive part-time service to be included in the final service credit calculation for these members. National Guard members would pay the employer contribution until an appropriation is made by the state in the annual Budget Act.
<b>AB 55</b> Mullin  <b>10/07/2005-            Vetoed by            Governor</b>		<b>CalSTRS: General Fund Allocation</b>  Provides the CalSTRS Board authority to determine the percent of creditable compensation that must be appropriated from the General Fund to CalSTRS' Supplemental Benefit Maintenance Account for the purpose of funding purchasing power protection payments.  <i>See veto message on page 50.</i>
<b>AB 71</b> Chan  <b>Failed Passage</b>		<b>University of California: Drug Safety and Effectiveness Program</b>  Requires the University of California to establish a program to evaluate the safety and effectiveness of prescriptions drugs in California. This bill would also impose a fee, to be established by the UC, on any manufacturer of drugs to which the bill applies, to be collected by the State Board of Equalization and deposited into the Drug Safety and Effectiveness Program Fund, which would be created by this bill.  <b>This content was removed from the bill on June 7, 2006.</b>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 73</b> Frommer  <b>09/29/2005- Vetoed by Governor</b>		<b>Prescription Drugs Reimportation</b>  Requires the Department of General Services to review state agencies that purchase prescription drugs, including CalPERS, to determine potential savings and pilot programs to facilitate the purchase of prescription drugs. Requires the Department of Health Services to establish by July 1, 2006, the California RX Prescription Drug Web Site Program to facilitate prescription drug purchases at reduced prices. Requires the Web site include price comparisons and links to pharmacies in Canada, England and Ireland.  <i>See veto message on page 51.</i>
<b>AB 75</b> Frommer  <b>Failed Passage</b>		<b>Pharmaceutical Assistance Program</b>  Establishes the California Rx Plus State Pharmacy Assistance Program, to be administered by the Department of Health Services. The bill would 1) authorize the department to negotiate drug rebate agreements with drug manufacturers to provide for program drug discounts, 2) authorize any licensed pharmacy or drug manufacturer to provide services under the program, and 3) establish eligibility criteria and application procedures for California residents to participate in the program.
<b>AB 76</b> Frommer  <b>10/07/2005- Vetoed by Governor</b>		<b>Office of Pharmaceutical Purchasing</b>  Establishes the Office of Pharmaceutical Purchasing within the California Health and Human Services Agency. Authorizes the office to negotiate and purchase prescription drugs for specified state agencies and the California State University. Requires that the office, by January 10, 2007, and annually thereafter, report to the Legislature the the activities that have been, or will be, undertaken pursuant to this bill.  <i>See veto message on page 52.</i>
<b>AB 78</b> Pavley  <b>09/29/2005- Vetoed by Governor</b>	Support	<b>PBM Disclosure Requirements</b>  Requires a pharmaceutical benefit manager (PBM) to disclose to purchasers specified information regarding its rebate arrangements and administrative fees. Also establishes requirements with regard to pharmacy benefits management contracts.  <i>See veto message on page 53.</i>
<b>AB 90</b> Laird  <b>Failed Passage</b>		<b>2005-06 Budget Act</b>  Makes appropriations for support of state government for the 2005-06 fiscal year. Urgency clause.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 139</b> Assembly Budget Committee  <b>07/19/2005-  Chaptered by  the Secretary of  State, Chapter  Number 74,  Statutes of 2005</b>		<b>2005-06 Budget Trailer Bill</b>  Among other provisions, this bill states the Legislature's intent that the Department of General Services, University of California and CalPERS regularly meet and share information regarding the procurement of prescription drugs. DGS is required to report to the Legislature no later than January 10, 2006 and annually thereafter regarding those collaborative activities.
<b>AB 213</b> Liu  <b>Failed Passage</b>		<b>Mandated Benefits: Lymphedema Treatment</b>  Requires that beginning on January 1, 2006, health plans and insurers provide coverage for lymphedema diagnosis and treatment on the same basis as coverage for any other medical care.
<b>AB 214</b> Richman  <b>Failed Passage</b>		<b>Three Year Final Compensation</b>  Reinstates the three year final compensation period for all member classifications with respect to members who retire or die on or after January 1, 2006. Final compensation is defined as the average compensation earnable by the member during the final three years of employment, not the highest average thirty-six months during their career.
<b>AB 224</b> Negrete McLeod  <b>09/22/2005-  Chaptered by  the Secretary of  State, Chapter  Number 351,  Statutes of 2005</b>		<b>Extension of Reciprocity</b>  Provides that credited state service includes state service for which employees hired after August 11, 2004 do not receive credit. Clarifies that a member who separates from state employment in the first 24 months of service remains subject to the provision that state employees who become members of PERS after August 11, 2004 do not receive service credit for the first 24 months of employment – for the duration of the 24 month period, if the member returns to state employment within that period. Provides special death benefits to state safety members employed by the Dept. of Justice. Excludes state safety members within Dept. of Justice from provisions of industrial disability retirement law.
<b>AB 247</b> Walters  <b>Failed Passage</b>		<b>Long-Term Care Tax Credit</b>  Allows a credit for 20 percent of the amount paid or incurred by the taxpayer for long-term care or long-term care insurance, up to \$1,000 per taxpayer, or for taxpayers filing jointly, \$2,000.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 256</b> De La Torre  <b>10/07/2005-  Chaptered by  the Secretary of  State, Chapter  Number 708,  Statutes of 2005</b>	Support	<b>School Employees Health Coverage Study; Solano County Local Sheriff Definition</b>  Requires the CalPERS Board to conduct a study to examine the feasibility and cost-effectiveness of creating a single statewide health care pool that would cover all public school employees working in school districts, county offices of education, and community colleges, entities established by those school employers, as specified, or of including all school employees under PEMHCA, and to report that study to the Legislature. The bill states that the study is contingent upon the ability to secure or budget for funding to cover the costs. The bill also expands the definition of "local sheriff" to include district attorney investigators for Solano County.
<b>AB 264</b> Chan  <b>09/28/2006-  Vetoed by the  Governor</b>		<b>Mandated Benefits: Pediatric Asthma Management</b>  Proposed amendments would require health care service plan contracts issued, amended, delivered or renewed on or after January 1, 2007, to cover outpatient self-management training and education on the proper use of medications and devices prescribed for the treatment of pediatric asthma.  <i>See veto message on page 54.</i>
<b>AB 277</b> Mountjoy  <b>09/22/2005-  Chaptered by  the Secretary of  State, Chapter  Number 288,  Statutes of 2005</b>	Sponsor	<b>Closed Session Exemptions</b>  Removes the January 1, 2006 sunset provision in the Bagley-Keene Open Meeting Act statute that authorizes a state body to hold closed sessions to consider matters posing a threat of criminal activity against state personnel or property, where disclosure of this information could compromise their safety. Also authorizes the CalPERS Board to hold closed sessions when considering matters relating to the development of rates and competitive strategies for the Long Term Care Program.
<b>AB 310</b> Umberg  <b>09/29/2005-  Vetoed by  Governor</b>		<b>Investment Plans: Mandatory Defined Contribution Plans</b>  Imposes specified requirements on mandatory defined contribution plans established for state and local government employees and for the investment providers performing services for such plans.  <i>See veto message on page 55.</i>



# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 354</b> Cogdill  <b>09/30/2005-            Chaptered by            the Secretary of            State, Chapter            Number 449,            Statutes of 2005</b>		<b>Telemedicine</b>  Authorize under the Medi-Cal program, to the extent that federal financial participation is available, "teleophthalmology and teledermatology by store and forward," as defined, commencing July 1, 2006, and until January 1, 2009. The bill would require the State Department of Health Services to, on or before January 1, 2008, report to the Legislature specified information regarding store and forward telemedicine provided under this provision as a Medi-Cal benefit.
<b>AB 386</b> Lieber  <b>09/13/2006-            Chaptered by            the Secretary of            State, Chapter            Number 237,            Statutes of 2006</b>		<b>Memorandum of Understanding - Units 16 &amp; 19</b>  Contains provisions agreed to in the MOUs between the state and State Bargaining Units 16 and 19. Establishes a 3-year (36 month) final compensation averaging period for state employees first hired after January 1, 2007, who are represented by one of these bargaining units. Also exempts members of CBU 16 and 19 from mandatory retirement age of 65 for safety members.
<b>AB 387</b> Arambula  <b>Failed Passage</b>		<b>School Districts: Post-Retirement Employee Benefits</b>  Existing law requires the Superintendent of Public Instruction, the State Controller, and the Director of the State Department of Finance to develop standards and criteria to be reviewed and adopted by the State Board of Education, and to be used by local educational agencies in the development of annual budgets and the management of subsequent expenditures from that budget. This bill would require the State Department of Education, with the assistance of the State Controller and the Director of the State Department of Finance, to develop standards and criteria for actuarial studies of retired employee health and welfare benefit liabilities, as specified. This bill contains other related provisions and other existing laws.
<b>AB 456</b> Torrico  <b>Failed Passage</b>	Sponsor	<b>Fraud: Definition and Penalties</b>  Establishes a definition of, and penalties for, fraud when done so in connection with benefits, or an application for benefits, administered by CalPERS.  Similar provisions were introduced in ABX1 5 during special session.
<b>AB 477</b> Baca  <b>10/07/2005-            Vetoed by            Governor</b>		<b>PEMHCA Coverage for IHSS Providers</b>  Authorizes specified in-home supportive service (IHSS) employers, subject to negotiations with an employee representative, to purchase health coverage for IHSS providers through PEMHCA, if the employer receives a ruling by the U.S. Department of Labor stating that the employer is an agency or instrumentality of the state.  <b>This content was removed from the bill on June 20, 2005.</b>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 511</b> Richman  <b>Failed Passage</b>		<b>Defined Contribution Plans: Employer Contribution Rates</b>  Establishes a maximum employer contribution rate to a defined contribution (DC) plan of 6 percent for non-safety employees, 9 percent for safety employees, and an additional 3 percent for employees not covered by Social Security. Employer contributions in excess of 3 percent for non-safety employees, and 4.5 percent for safety employees, must be matched by employee contributions.  This bill would have become law if ACA 5 had been approved by the voters.
<b>AB 514</b> Richman  <b>Failed Passage</b>		<b>Cap on Disability Retirement Allowance</b>  States the Legislature's intent to restrict the amount of a member's combined disability retirement allowance and workers' compensation benefits to no more than 70 percent of final compensation. If a member's combined benefits exceed 70 percent, the workers' compensation benefits shall be reduced or eliminated until the threshold is met.
<b>AB 538</b> Harman  <b>07/18/2005- Chaptered by the Secretary of State, Chapter Number 63, Statutes of 2005</b>		<b>County Employees' Retirement: Rate Adjustments</b>  This bill would require the board of retirement to recommend to the governing body of a district within the county system that is not governed by the board the changes in rates of contributions of district members and in district appropriations, based upon the actuarial valuation described above. The bill would require the governing body of a district within the county system that is not governed by the board of supervisors to make adjustments in rates of contributions and appropriations in accordance with the recommendations of the board of retirement, as specified. The bill would make conforming changes in provisions excepting actuary information from requirements connected with public employee labor relations. The provisions of the bill would only be operative in a county upon a majority vote of the governing body of the county.
<b>AB 587</b> Negrete McLeod  <b>10/05/2005- Chaptered by the Secretary of State, Chapter Number 527, Statutes of 2005</b>	Sponsor	<b>Medicare Part D Implementation</b>  States that an employee, annuitant, or family member enrolled in Medicare Part D may not be enrolled in a CalPERS health benefit plan. The bill does not apply to an individual receiving coverage through the Medicare Advantage Program.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 705</b> Nakanishi	Neutral	<b>IDPC Service Credit</b>  Current law allows a member to purchase service credit for employment at the IDPC. This bill permits the allowance resulting from the service credit purchase to be paid from the date the service credit purchase election is received. This bill also changes the cost calculation method, requiring a portion of the cost to be paid by the member's former school employer.
<b>Failed Passage</b>		
<b>AB 757</b> Chan		<b>Health Insurer Third Party Administrator Contracts</b>  Prohibits a third party administrator for a health plan or insurer from transferring, selling, assigning, leasing, or conveying health care provider lists to a non-purchaser, except as specified. Prohibits contracts from obligating a provider to participate in materially different networks, products, or business lines. Revises the definition of a contracting agent and contains other provisions.
<b>Failed Passage</b>		
<b>AB 774</b> Chan		<b>Hospitals: Fair Pricing Policies</b>  Requires each hospital, as a condition of licensure, to maintain written policies about discount payment and charity care for financially qualified patients, as defined. The bill would 1) require these policies to include, among other things, a section addressing eligibility criteria, as prescribed. 2) require each hospital to perform various functions in connection with the hospital charity care and discount pay policies, including providing patients with notice that contains information about the hospital's discount payment and charity care policies, including information about eligibility and attempting to determine the availability of private or public health insurance coverage for each patient, 3) also specifies billing and collection procedures to be followed by a hospital, its assignee, collection agency, or billing service, 4) requires each hospital to submit to the office a copy of the hospital's discount payment and charity care policies, eligibility procedures, review process, and the application for charity care or discounted payment. This bill would also require the director to ensure that a hospital that overcharges a patient shall reimburse that patient, as described.
<b>09/29/2006- Chaptered by the Secretary of State, Chapter Number 755, Statutes of 2006</b>		
<b>AB 804</b> La Suer	Support	<b>Patrol Members: IDR Benefits</b>  Requires CalPERS to change an industrial disability retirement to a service retirement, if the member is receiving the maximum service retirement amount and is subsequently employed as a peace officer outside of state service. The bill would also exempt the CHP from making certain types of disability indemnity payments if the injured employee is a peace officer and receiving the maximum allowance as specified, and requires a workers' compensation insurer to disclose the CHP information for the purpose of investigating workers' compensation insurance fraud.
<b>Failed Passage</b>		
		<b>This content was removed from the bill on June 21, 2006.</b>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 844</b> Negrete McLeod  <b>Failed Passage</b>	Neutral	<b>Increased Death Benefit for State Retirees</b>  Increases the death benefit from \$2,000 to \$5,000 for a state employee that retires on or before July 1, 2006.
<b>AB 977</b> Nava  <b>Failed Passage</b>		<b>Health Plans: Out-of-Pocket Cost Review</b>  Requires health plans and insurers to apply to DMHC and DOI for approval to charge a deductible, co-payment, or other out-of-pocket cost or to impose a limitation on benefits or coverage. Requires DMHC or DOI to obtain public comment before deciding on the application and to develop a schedule and process to also review existing plan contracts and policies.
<b>AB 980</b> Umberg  <b>09/22/2005- Chaptered by the Secretary of State, Chapter Number 319, Statutes of 2005</b>		<b>California Militia: Disability Benefits</b>  Would extend disability benefits to members of the National Guard, organized militia or unorganized militia called up for active duty by the Governor or the President, when those members are wounded in combat.
<b>AB 995</b> Canciamilla  <b>Failed Passage</b>		<b>Taxation: Small Business Health Insurance: Credit</b>  Enacts the Small Employer Health Coverage Incentive Act of 2005, which would authorize a credit against those taxes for each taxable year beginning on or after January 1, 2006, and before January 1, 2011, for specified amounts paid or incurred during the taxable year by an eligible employer to provide health coverage for an eligible individual and that individual's dependent or dependents, as specified. The credit would be in an amount equal to the greater of \$100 per month or 50 percent of the monthly costs incurred by an eligible employer for health coverage for eligible individuals and their dependents, as provided.
<b>AB 1044</b> Aghazarian  <b>09/22/2005- Chaptered by the Secretary of State, Chapter Number 322, Statutes of 2005</b>	Support	<b>Public Officials: Forfeiture of Retirement Benefits</b>  Provides that an elected public official convicted of a felony involving a bribe; embezzlement, extortion, or theft of public money; perjury; or conspiracy to commit any of these crimes, shall forfeit all rights and specified benefits under any public retirement system in which he or she is a member. Forfeiture would be limited to benefits accrued during or on account of the office held when the offense occurred.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1045</b> Frommer  <b>10/05/2005-                      Chaptered by                      the Secretary of                      State, Chapter                      Number 532,                      Statutes of 2005</b>	Support, if Amended	<b>Disclosure of Hospital Charges</b>  Requires each hospital to compile a list of the 25 most common inpatient and outpatient procedures, as grouped by Medicare diagnostic-related groups, and submit that list to OSHPD. OSHPD is then required to post the information on their web site. Except for emergency services, requires that hospitals provide, upon the request of a person without health coverage, a written estimate of charges for the services, procedures, or supplies that are reasonable expected to be provided to the person by the hospital. Information about financial assistance programs and charity care must also be provided.
<b>AB 1046</b> Frommer  <b>Failed Passage</b>	Support	<b>California Hospital Report Card</b>  This bill calls for the issuance of \$5,000,000,000 in bonds to finance a seismic safety program for nonprofit and public general acute care hospitals. The bill allows hospitals to delay compliance with certain provisions of the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 if their hospital debt to capitalization ratio is above 50 percent, provided that the bond act referred to in this bill is not passed. Should the bond act be passed, the bill extends the deadlines for compliance with the Alquist Act for 5 years after the initial sale of bonds specified in this bill.  <b>This content was removed from the bill on June 23, 2005.</b>
<b>AB 1116</b> Yee  <b>10/07/2005-                      Chaptered by                      the Secretary of                      State, Chapter                      Number 637,                      Statutes of 2005</b>		<b>Hospital-Based Physicians: Balance Billing</b>  Prohibits a hospital-based physician from seeking payment from an enrollee of a health plan for services rendered that are covered by the plan, if the hospital is part of the health plan's network of contracted hospitals. Requires the physician to seek reimbursement solely from the enrollee's health plan or its contracting medical group. Also requires DMHC to establish a dispute resolution system for non-contracting hospital-based physicians.  <b>This content was removed from the bill on August 30, 2005.</b>
<b>AB 1138</b> Dymally  <b>Failed Passage</b>		<b>CHP Officers: Service Credit</b>  Allows current employees of the California Highway Patrol to receive patrol member service credit for past service with the State Police.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1166</b> Canciamilla  <b>09/22/2005-  Chaptered by  the Secretary of  State, Chapter  Number 328,  Statutes of 2005</b>	Sponsor	<b>CalPERS' Omnibus Technical Bill</b>  Makes clarifying and technical amendments to the Government Code provisions administered by CalPERS, including the reenactment of the Teachers' Medicare Program.
<b>AB 1185</b> Koretz  <b>Failed Passage</b>		<b>Mandated Benefits: Chiropractic Services</b>  Requires health plans and insurers to provide coverage for chiropractic services, without a referral from the primary care physician.
<b>AB 1199</b> Frommer  <b>10/07/2005-  Vetoed by  Governor</b>		<b>Health Care Point-of-Service Plans: Expense Limitations</b>  Existing law establishes limitations on a health care service plan that offers a point-of-service plan, including that the plan not spend more for out-of-network services for point-of-service enrollees in any fiscal-year quarter than 20 percent of the amount of its total health care expenditures for all of its enrollees. This bill would increase that amount from 20 to 25 percent.  <i>See veto message on page 56.</i>
<b>AB 1321</b> Yee  <b>Failed Passage</b>	Support	<b>Hospital-Based Physicians: Balance Billing</b>  Prohibits a hospital-based physician from seeking payment from an enrollee of a health plan for services rendered that are covered by the plan, if the hospital is part of the health plan's network of contracted hospitals. Requires the physician to seek reimbursement solely from the enrollee's health plan or its contracting medical group.
<b>AB 1359</b> Chan  <b>09/06/2005-  Chaptered by  the Secretary of  State, Chapter  Number 230,  Statutes of 2005</b>		<b>Prescription Drug Plan Standards</b>  Requires DMHC, DOI, and DHS, to form a task force to develop prescription drug plan standards. The bill declares that it is to take effect immediately as an urgency statute.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1369</b> Nunez		<b>Memorandum of Understanding - Units 1, 3, 4, 11, 14, 15, 17, 20, &amp; 21</b>
<b>09/06/2006- Chaptered by the Secretary of State, Chapter Number 209, Statutes of 2006</b>		Contains provisions agreed to in the MOUs between the state and State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21. Establishes a 3-year (36 month) final compensation averaging period for state employees first hired after January 1, 2007, who are represented by one of these bargaining units.
<b>AB 1373</b> Umberg		<b>Memorandum of Understanding - Unit 7</b>
<b>07/18/2005- Chaptered by the Secretary of State, Chapter No. 70, Statutes of 2005</b>		Approves provisions that require the expenditure of funds of a memorandum of understanding entered into between the state employer and State Bargaining Unit 7 (Protective Services and Public Safety), as specified. Negotiated agreements include salary increases, changes to the health benefit employer contribution, and more. The agreement shall be in effect through June 30, 2006.
<b>AB 1398</b> Plescia		<b>Stem Cell Research: CalPERS Funding</b>
<b>Failed Passage</b>		Encourages CalPERS to fully deploy funds earmarked for life science investments, and to ensure that its asset allocation reflects the long-term value that life science corporations present to California.
<b>AB 1458</b> De La Torre		<b>Memorandum of Understanding - Units 10 &amp; 18</b>
<b>09/13/2006- Chaptered by the Secretary of State, Chapter Number 238, Statutes of 2006</b>		Contains provisions agreed to in the MOUs between the state and State Bargaining Units 10 and 18. Establishes a 3-year (36 month) final compensation averaging period for state employees first hired after January 1, 2007, who are represented by one of these bargaining units. Extends "industrial" death and disability benefits to state miscellaneous members employed by the State Department of Developmental Services at the Canyon Springs Community Facility and the Sierra Vista Community Facility, whose death or disability arises out of specified circumstances.
<b>AB 1523</b> Blakeslee		<b>Military Leave of Absence Extension for State Employees</b>
<b>08/30/2005- Chaptered by the Secretary of State, Chapter Number 151, Statutes of 2005</b>		Amends current law granting a military leave of absence for state employees ordered for active duty. Would extend the military leave of absence an appointing power must grant from 4 years to 5 years.



# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1526</b> Bogh		<b>Pre-Retirement Special Death Benefit Increase: Local Contracting Agencies</b>
<b>Failed Passage</b>		Provides an increase in the special death benefit with respect to members who died before the age of 50, and who would have been 50 years or older if still living on January 1, 2001. The increase in the benefit is payable on or after January 1, 2006, subject to employer election, and is based upon compensation increases that occurred until the member would have attained the age of 50.
<b>AB 1558</b> Wolk	Support	<b>Financial Interest in Public Contracts</b>
<b>Failed Passage</b>		Current law prohibits public officials and employees from having a financial interest in any contract made by them or by any board or body of which they are members. This bill would create a pilot project to allow the Fair Political Practices Commission to issue opinions with respect to a public official's duty under those provisions.
<b>AB 1567</b> Torrico		<b>Memorandum of Understanding - Unit 18</b>
<b>07/11/2005- Chaptered by the Secretary of State, Chapter Number 44, Statutes of 2005</b>		Approves provisions that require the expenditure of funds of a memorandum of understanding entered into between the state employer and State Bargaining Unit 18 (Psychiatric Technicians), as specified. Negotiated agreements include a salary increases, changes to the health benefit employer contribution, participation in the Alternate Retirement Program for new employees, and a safety retirement study. The agreement shall be in effect through June 30, 2006. Urgency legislation, effective July 11, 2005.
<b>AB 1568</b> Torrico		<b>Employer Rate Stabilization</b>
<b>09/29/2006- Vetoed by the Governor</b>		States the intent of the Legislature to enact changes necessary to ensure that public employee retirement systems are operating in a manner that affords stability and predictability in employer rates, while safeguarding the ability to attract and retain high caliber employees to public service.  <i>See veto message on page 57.</i>
<b>AB 1600</b> Niello		<b>Final Compensation</b>
<b>Failed Passage</b>		This bill makes several technical but non-substantive changes to the definition of final compensation.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1643</b> Jones  <b>09/29/2006-  Chaptered by  the Secretary of  State, Chapter  Number 724,  Statutes of 2006</b>	Support	<b>Long-Term Care Pilot Project</b>  Requires the California Institute on Human Services at Sonoma State University, with assistance from the CalPERS Board, to contract with an organization experienced in disability policy and demographic research to conduct a study to determine the feasibility of expanding long-term care coverage to persons excluded from the program because of underwriting criteria, and to report the results of the study to the Legislature by December 31, 2008.
<b>AB 1663</b> Jones  <b>09/29/2005-  Chaptered by  the Secretary of  State, Chapter  Number 413,  Statutes of 2005</b>		<b>Capitol Area Plan: Construction of Facilities</b>  Existing law authorizes the Director of General Services to purchase, exchange, or otherwise acquire real property and construct facilities, including any improvements, betterments, and related facilities, within the jurisdiction of the Capitol Area Plan in the City of Sacramento, with the total authorized scope consisting of approximately 1,400,000 gross square feet of office space on specified parcels of state-owned land, subject to specified criteria. This bill would authorize the the project to include residential development and additional commercial space, subject to specified conditions.
<b>AB 1670</b> Nation  <b>Failed Passage</b>		<b>Universal Coverage: Individual Mandate</b>  Requires each California resident to obtain minimum health care coverage. Requires the Health and Human Services Agency, in conjunction with counties, to establish a purchasing pool with access to an essential benefits package developed by DMHC. Establishes a subsidy program for qualified employers who offer essential benefit coverage for employees earning less that 200 percent of the federal poverty level.
<b>AB 1671</b> Richman  <b>Failed Passage</b>		<b>Cal-Health Act</b>  Enacts the Cal-Health Act. Requires DHS establish an electronic enrollment and retention program to serve as a single point of entry for all health care programs offered by the state and local government agencies. Authorizes DHS to use any state government database to identify and locate individuals that may be eligible for, but not enrolled in, health care programs.
<b>AB 1672</b> Nation  <b>Failed Passage</b>		<b>Electronic Medical Records</b>  The earlier bill versions would have required the electronic recording of health information, allowed for a higher Medi-Cal reimbursement for providers, required the DMHC to develop standards, created the California Patient Safety and Information Technology Fund, and provided financial assistance for an electronic recordkeeping system.  <b>This content was removed from the bill on August 23, 2005.</b>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1698</b> Nunez  <b>10/07/2005-</b> <b>Vetoed by</b> <b>Governor</b>	Neutral	<b>Dependent Health Care Coverage</b>  Prohibits health plans and insurers from limiting dependent children's health coverage prior to the dependent's 26th birthday. An employee or annuitant participating in PEMHCA may elect to provide coverage of dependents who are between the ages of 23 and 26 by contributing the premium for that coverage. This applies to any contract subject to collective bargaining that is issued, amended or renewed after January 1, 2006.  <i>See veto message on page 58.</i>
<b>AB 1769</b> Negrete McLeod  <b>07/27/2005-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 134,</b> <b>Statutes of 2005</b>		<b>County Employees' Retirement</b>  The County Employees Retirement Law of 1937 authorizes counties to require specified safety members, except certain elective officers, sheriffs, undersheriffs, and court marshals, to be retired at 60 or 70 years of age. This bill would, until April 1, 2009, and upon approval by the county board of supervisors, make those requirements inapplicable to the fire chief of a fire district in Los Angeles County whose primary duties are administrative and who is employed on a specified date. The bill would also specify that the fire chief is prohibited from receiving a salary increase that is disproportionate to any salary increase granted to other department heads of the same jurisdiction at the same time.
<b>AB 1772</b> Assembly PER&SS Committee  <b>10/05/2005-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 547,</b> <b>Statutes of 2005</b>		<b>CalSTRS: Technical Amendments</b>  Makes technical amendments to the Teachers' Retirement Law relating to the timeline of reports furnished by the Teachers' Retirement Board to the Governor and the Legislature.
<b>AB 1801</b> Laird  <b>06/30/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 47,</b> <b>Statutes of 2006</b>		<b>2006-07 Budget Act</b>  Makes appropriations for support of state government for the 2006-07 fiscal year. Urgency, effective June 30, 2006.

## SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 1961</b> Richman	Oppose	<b>Performance Audit of CalPERS</b>  Requires the Bureau of State Audits to conduct and complete a performance audit of CalPERS on or before December 31, 2007, and every 3 years thereafter, and to report its findings to the CalPERS Board and the Legislature. The bill would also require CalPERS to report back to the Legislature on the implementation of any audit recommendations.
<b>Failed Passage</b>		
<b>AB 2012</b> Emmerson		<b>Mandated Benefits: Orthotic and Prosthetic Devices</b>  Allows for a doctor of podiatric medicine to prescribe orthotic or prosthetic devices as covered by the individual's plan or insurer. The bill requires these devices to be furnished by a physician and surgeon, or other provider acting within the scope of his or her certification or license.
<b>09/29/2006- Chaptered by the Secretary of State, Chapter Number 756, Statutes of 2006</b>		
<b>AB 2132</b> Levine	Support	<b>PEMHCA: Retiree Benefits After Reinstatement</b>  Allows a state or local CalPERS retired annuitant who reinstates and retires for a second time to receive retiree health benefits from the employer that provides the highest level of benefits, provided the annuitant has at least 5 years of service from the initial employer or meets the contract option vesting schedule under PEMHCA. This bill would apply to annuitants who, after reinstatement, subsequently retire on or after January 1, 2007.  <i>See veto message on page 59.</i>
<b>AB 2170</b> Chan		<b>Quality of Care Report Card Addition</b>  Requires the Gallegos-Rosenthal Patient Advocate Program to include information in the quality of care report card on the quality of care and access provided by Medicare drug plans and stand-alone prescription drug plans under Medicare Part D, the federal program for prescription drug reimbursement coverage.  <i>See veto message on page 60.</i>
<b>09/29/2006- Vetoed by the Governor</b>		

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2179</b> Leslie  <b>09/25/2006-  Chaptered by  the Secretary of  State, Chapter  Number 441,  Statutes of 2006</b>		<b>Indemnification: University of California Regents</b>  Indemnifies current or former University of California regents from all claims that these persons may at any time sustain by reason of any decision of the regents not to invest in any firm or firms with business operations in Sudan or with the Sudanese government. In addition to regents, this provision applies to officers, and employees of the university, current or former investment managers under contract with the university, and current or former officers, directors, trustees, agents, or employees of university foundations. This provision covers all claims, demands, suits, actions, damages, judgments, costs, charges, and expenses, including court costs and attorney's fees, and all liability, losses, and damages of any nature whatsoever that these persons may at any time sustain by reason of any decision of the regents not to invest in any firm or firms with business operations in Sudan or with the Sudanese government.
<b>AB 2242</b> Assembly PER&SS Committee  <b>09/29/2006-  Chaptered by  the Secretary of  State, Chapter  Number 611,  Statutes of 2006</b>	Support	<b>Vision Care: State Annuitants</b>  Establishes an additional vision care program for state annuitants by creating the Vision Care Program for State Annuitants Fund, and requires DPA to administer this program, upon appropriation by the legislature.
<b>AB 2244</b> Assembly PER&SS Committee  <b>07/24/2006-  Chaptered by  the Secretary of  State, Chapter  Number 118,  Statutes of 2006</b>	Support	<b>Disability Retirement and Technical Amendments</b>  Clarifies the requirements for disability retirement eligibility. Also contains technical changes to the laws CalPERS administers.
<b>AB 2281</b> Chan  <b>Failed Passage</b>		<b>Health Care Coverage with Deductibles</b>  Establishes standards and disclosure requirements, relative to deductibles and other nonpremium expenses, for health care service plan contracts and for health insurance policies offered, delivered, amended, or renewed on or after July 1, 2007, by a health care service plan or health insurer. The bill would also require, on or before July 1, 2007, the Director of Managed Health Care and the Insurance Commissioner to develop and post on their department's Internet Web site, an informational guide to assist consumers to evaluate health care coverage products.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2351</b> Maze  <b>09/20/2006-  Chaptered by  the Secretary of  State, Chapter  Number 355,  Statutes of 2006</b>	Neutral	<b>Service Credit for Elected Official</b>  Prohibits a governing body of a city or county from granting or paying for contributions for service credit for an elected officer or member of a board of supervisors for time that he or she did not serve in the elected office. It does not preclude an elected officer from purchasing service credit.
<b>AB 2355</b> Negrete McLeod  <b>09/29/2006-  Vetoed by the  Governor</b>	Neutral	<b>Service Credit for CSU Academic Employees</b>  Permits CSU academic employees who are granted a reduced pay leave, such as a sabbatical or difference in pay leave, on or after January 1, 2007 to receive full service credit during the leave through a payroll reporting process instead of through a service credit purchase option after return to full employment at the end of the leave. The employee and employer would be required to contribute to the retirement fund the amount that would have been contributed if the member was not on a reduced pay leave.  <i>See veto message on page 61.</i>
<b>AB 2404</b> Klehs  <b>09/29/2006-  Vetoed by the  Governor</b>		<b>State Government Reports: Declaration of Accuracy</b>  This bill requires that all written reports (as defined) that are submitted by governmental agencies to include a statement signed by the head of the agency declaring that the contents of the report are true, accurate, and complete to the best of his or her knowledge. Any person who declares as true any material that he or she knows to be false shall be liable for a civil penalty not the exceed \$20,000.  <i>See veto message on page 62.</i>
<b>AB 2408</b> Negrete McLeod  <b>09/29/2006-  Chaptered by  the Secretary of  State, Chapter  Number 777,  Statutes of 2006</b>		<b>Pharmacy Practices</b>  This bill would require a pharmacist to be a natural person, and would entitle a licensed pharmacist to practice pharmacy within or outside of a licensed pharmacy. The bill would revise the activities in which a pharmacist may engage, including the adjustment of prescriptions, would revise the pharmacist's responsibilities and requirements with regard to certain activities, and would make certain additional acts or omissions unprofessional conduct.
<b>AB 2411</b> Aghazarian  <b>Failed Passage</b>		<b>PEMHCA: Health Savings Accounts</b>  Expresses the intent of the Legislature to enact provisions requiring the CalPERS Board of Administration to offer members one or more health care plans that provide for a health savings account coupled with a high deductible insurance plan.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2438</b> Chu  <b>07/24/2006-            Chaptered by            the Secretary of            State, Chapter            Number 121,            Statutes of 2006</b>	Support	<b>Treatment of Pay for Industrial Disability Leave</b>  Makes a clarifying amendment in the definition of "compensation" under the PERL to allow a member employed at a school district or at a community college district to have their Workers' Compensation temporary disability payments reported to CalPERS for purposes of receiving service credit.
<b>AB 2450</b> Richman  <b>Failed Passage</b>		<b>Health Care Coverage: Cal-Health Program</b>  Requires each resident of the state to obtain minimum health care coverage, as defined. The bill, as the 2nd part, would require the Secretary of California Health and Human Services to work in conjunction with counties to establish a purchasing exchange through which an essential benefits plan, developed by the Managed Risk Medical Insurance Board and the Department of Managed Health Care, would be made available. The bill, as the 3rd part, would require the board and the department to establish a subsidy program for eligible qualified employers, as defined, who offer essential benefits health coverage for eligible employees. The bill would authorize the Franchise Tax Board to withhold any overpayment of income tax by a resident who failed to obtain minimum health care coverage that would be used to obtain coverage through the resident's purchasing exchange.
<b>AB 2544</b> Pavley  <b>09/30/2006-            Chaptered by            the Secretary of            State, Chapter            Number 862,            Statutes of 2006</b>		<b>PEMHCA: Public Agency Contributions</b>  Current law allows public agencies to provide annuitants with an unequal employer contribution according to a specified formula. This bill revises that formula to require an employer contribution for annuitants amounting to no less than the number of years that the contracting agency has been subject to PEMHCA multiplied by 5 percent of the current monthly contribution for annuitants. The annual increase in the employer contribution shall not exceed \$100 per annuitant.
<b>AB 2570</b> Arambula  <b>09/29/2006-            Vetoed by the            Governor</b>	Neutral	<b>Emerging Domestic Markets: State and Local Retirement Systems</b>  Recognizes the efforts put forth by CalPERS and CalSTRS regarding investments in emerging domestic markets with the State; consequently this bill intends for other public retirement systems with sufficiently diversified portfolios to adopt emerging domestic market investment policies that meet their own unique investment objectives, consistent with their fiduciary obligations; and requires retirement systems with assets over \$4 billion to annually report to the Controller all assets in California and in emerging domestic markets, based on asset category, fair market value, and percentage of the total portfolio.  <i>See veto message on page 63.</i>



# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2632</b> Negrete McLeod  <b>Failed Passage</b>	Support	<b>Retirement Benefits: California National Guard</b>  Provides "optional" membership rights to members of the California National Guard, who do not qualify for CalPERS. Creates member classification of "National Guard member" for such persons, who generally receive the same benefits as state miscellaneous members. Provides right to purchase credit for previous California National Guard service. National Guard members would pay both the employee and employer share of contributions for membership and previous service, and would be excluded from certain provisions under the law to minimize potential costs to the state.
<b>AB 2651</b> Jones  <b>09/19/2006- Chaptered by the Secretary of State, Chapter Number 335, Statutes of 2006</b>		<b>Mandated Benefits: Newborns: Hearing Screening</b>  Requires that a hearing screening test for the identification of hearing loss, using protocols approved by the State Department of Health Services or its designee be offered to every newborn, upon birth admission, by every general acute care hospital with licensed perinatal services, and would make related changes to the program.
<b>AB 2667</b> Baca  <b>09/29/2006- Chaptered by the Secretary of State, Chapter Number 758, Statutes of 2006</b>	Neutral	<b>PEMHCA: Contracting Considerations</b>  Gives express authority to the CalPERS Board to consider specified factors with respect to any individual or entity that seeks to contract with the system for the provision of health benefits. These factors would include whether the applicant is of reputable and responsible character and whether the applicant has the ability to provide health care benefits or services based on their history of providing health care services. This bill would also apply to the Department of Managed Health Care, Department of Insurance, and the State Department of Health Services.
<b>AB 2737</b> Nakanishi  <b>Failed Passage</b>		<b>Income and Corporation Taxes: Credit: Health Savings Account</b>  Authorizes a credit against those taxes for each taxable year beginning on or after January 1, 2007, and before January 1, 2012, in an amount equal to 15 percent of the amount paid or incurred by a qualified taxpayer, as defined, during the taxable year for qualified health insurance, as defined, for employees of the taxpayer.
<b>AB 2766</b> Montanez  <b>Failed Passage</b>	Neutral	<b>Special Death Benefits for BU 12</b>  Removes the requisite of an MOU with respect to state miscellaneous members in State Bargaining Unit 12 employed by the Department of Transportation for special death benefits.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2795</b> Negrete McLeod  <b>Failed Passage</b>	Neutral	<b>Reciprocity Among Retirement Systems</b>  Would extend the time period for public employees to move between retirement systems with reciprocity in effect from 6 months to 18 months, if a member retires on or after January 1, 2007. Current provisions in the Public Employees Retirement Law and County Employees' Retirement Law of 1937 require an employee to have no more than a six month break in service when changing employment between systems to receive full benefit reciprocity.
<b>AB 2863</b> Karnette  <b>09/30/2006- Chaptered by the Secretary of State, Chapter Number 846, Statutes of 2006</b>	Neutral	<b>County Employees' Retirement: Pre-Funding &amp; County of Riverside</b>  Would allow members with previous service with any of the Riverside agencies specified in the bill to have that service covered under the 3% @ 60 retirement formula. This bill would apply to persons employed by any of these agencies at the present time, as well as to persons with such service in the past who are returning to work with any of the Riverside agencies at any time in the future.
<b>AB 2884</b> Baca  <b>09/29/2006- Chaptered by the Secretary of State, Chapter Number 622, Statutes of 2006</b>		<b>Military Service: Benefits</b>  Extends certain protections for specified members of the United States Military Reserve and National Guard to include health care service plans. This bill would apply specified administrative penalties to include health care service plans offered to specified members of the United States Military Reserve and National Guard, by providing that any entity, which was providing any type of health care coverage, including, but not limited to, health care service plans, specialized health care service plans, and health insurance, would be required to reinstate the health care coverage without waiting periods or exclusion of coverage for preexisting conditions.
<b>AB 2911</b> Nunez  <b>09/29/2006- Chaptered by the Secretary of State, Chapter Number 619, Statutes of 2006</b>		<b>California Discount Prescription Drug Program</b>  Establishes the California Discount Prescription Drug Program within DHS. The bill would require the department to negotiate drug discount agreements for drugs in each therapeutic category for low-income individuals and those whose unreimbursed medical expenses equal 10 percent or more of family income. Individuals enrolled in Medicare are also eligible if their drugs are not covered or if they are paying 100 percent of the cost under the coverage gap provision or Medicare Part D.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2927</b> Leno		<b>Public Records Act: Website Link for Requests</b>
<b>09/30/2006- Vetoed by the Governor</b>		<p>This bill would require any state agency with an internet website to include on its homepage a link to a site that provides specific information about how an individual can make a public records act request to that department and a form for submitting online requests. It also authorizes legal action against agencies and penalties for non-compliance. The bill would also require the Department of Justice to convene a task force to consider the public value, cost-effectiveness, and security issues associated with the posting of certain activities under this Act.</p> <p><i>See veto message on page 64.</i></p>
<b>AB 2930</b> Laird		<b>Memorandum of Understanding - Unit 7</b>
<b>09/13/2006- Chaptered by the Secretary of State, Chapter Number 239, Statutes of 2006</b>		<p>Contains provisions agreed to in the MOU between the state and State Bargaining Unit 7. Establishes a 3-year (36 month) final compensation averaging period for state employees first hired after January 1, 2007, who are represented by this bargaining unit.</p>
<b>AB 2934</b> Koretz		<b>Public Employees' Retirement System: State Safety Members</b>
<b>Failed Passage</b>		<p>Reclassifies employees in State Bargaining Units 12 and 13 employed by the Department of Mental Health or Department of Veterans Affairs as state safety members.</p>
<b>AB 2936</b> Ridley-Thomas		<b>Memorandum of Understanding - Unit 5</b>
<b>09/13/2006- Chaptered by the Secretary of State, Chapter Number 240, Statutes of 2006</b>		<p>Contains provisions agreed to in the MOU between the state and State Bargaining Unit 5. Would decrease employer paid member contributions included in the calculation of final compensation by 2 percent each year until it is eliminated by July 1, 2010. Provides that for a California Highway Patrol (CHP) officer who has a serious bodily injury from a single event that results in qualification for an industrial disability retirement (IDR), the patrol member will receive an IDR retirement allowance that is the higher of (1) 50 percent of final compensation, or the service retirement allowance if higher, or (2) 3 percent times his or her years of service credit, but not to exceed 90 percent of final compensation. This bill would authorize DPA to set and adjust the annual compensation of various state commissioners and directors and other state officers, as specified.</p>

## SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>AB 2941</b> Koretz  <b>09/25/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 442,</b> <b>Statutes of 2006</b>	Neutral, with Suggested Amendments	<b>Targeted Divestment from Sudan</b>  Would prohibit CalPERS and CalSTRS from investing public employee retirement funds, as defined, in a company with business operations in the Sudan, that meet specified criteria, and would require the Boards of these retirement systems to sell or transfer any investments in these companies within specific timeframes and report to the Legislature regarding these investments.
<b>AB 2945</b> Spitzer  <b>09/22/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 427,</b> <b>Statutes of 2006</b>	Neutral	<b>Safety Membership for Specified Department of Justice Employees</b>  Reclassifies to safety membership state employees who are managers, supervisors, or confidential employees in a forensic program or whose subordinate is or becomes a safety member.  <b>This content was removed from the bill on August 7, 2006.</b>
<b>AB 3033</b> Lieber  <b>09/30/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 834,</b> <b>Statutes of 2006</b>		<b>Public Employees' Retirement: Service Credit: Firefighters</b>  Would authorize local members of CalPERS who are local firefighters to elect to receive service credit for public service as permanent career firefighters if the service was terminated as a result of closure, downsizing or realignment of a federal military institution. These provisions must be adopted by their contracting agencies.
<b>AB 3041</b> Pavley  <b>09/18/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 326,</b> <b>Statutes of 2006</b>	Co-Sponsor	<b>PEMHCA: Medicare Part D</b>  Provides that employees, annuitants, and family members enrolled in a board-approved or offered health benefit plan that provides a PDP or qualified prescription drug coverage would not be prohibited from enrolling in a board-approved health benefit plan.  These provisions were introduced in SB 1729 (Soto) and amended into this bill on August 15, 2006.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>ABX1 3</b> Richman		<b>Defined Contribution and Hybrid Plan for New Employees</b>
<b>Failed Passage</b>		Establishes defined contribution and hybrid plans for public employees hired on or after July 1, 2007, if approved by voters in a statewide election. Requires that any benefit enhancement for members of CalPERS, CalSTRS, or a '37 Act system be prospective only; permits the board to cancel a member's disability retirement if that member becomes employed in the same or similar job classification for more than 3 months; and permits the board to order a medical reevaluation of a member retired for disability if the member is less than age 59. The bill would require actuaries, when performing asset valuations for the purposes of establishing employer rates, to spread market value asset gains and losses over a period of at least 5 years. Provides specified death and disability benefits for those participating in a hybrid or DC plan.
<b>ABX1 4</b> Torrico		<b>Employer Rate Stabilization Accounts</b>
<b>Failed Passage</b>		Establishes within the PERF a Taxpayer Risk Reduction Account for each employer. The accounts would be held as an employer asset and funded by all or a portion of employer contributions when the actuarial value of assets exceeds the present value of benefits. The account may be drawn upon to pay a portion of the employer contribution when the employer contribution rate is greater than the normal cost of benefits.
<b>ABX1 5</b> Torrico	Sponsor	<b>Fraud: Definition and Penalties</b>
<b>Failed Passage</b>		Establishes a definition of, and penalties for, fraud when committed in connection with benefits, or an application for benefits administered by CalPERS.  Similar provisions were also introduced in AB 456.
<b>ABX1 6</b> Evans		<b>Final Compensation Cap; Safety Retirement Cap; Safety Member Reemployment Plan; Conversion of IDR Benefit</b>
<b>Failed Passage</b>		Creates a cap on final compensation for new members. Requires an employer to develop a reemployment plan for a disabled safety member who is able to perform the duties of a miscellaneous position; the plan is subject to member approval, and the member may receive a supplemental allowance to offset the salary of the miscellaneous position. Increases the cap on safety retirement benefits to 100 percent for a service retirement; establishes a cap on safety retirement benefits of 85 percent for a disability retirement. Allows CalPERS to change an industrial disability retirement to a service retirement under specified circumstances.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>ACA 3</b> Haynes		<b>Marriage</b>
<b>Failed Passage</b>		The bill seeks to limit, via constitutional amendment, the rights, responsibilities, benefits and obligations of marriage to a marriage between a man and a woman.
<b>ACA 5</b> Richman	Oppose	<b>Defined Contribution Plan for New Participants</b>
<b>Failed Passage</b>		Proposes an amendment to the California State Constitution to prohibit any newly hired public employee, including state employees, from being enrolled in a defined benefit (DB) public pension plan after July 1, 2007, and establishes the California Public Employee Defined Contribution Plan. ACA 5 would restrict new public employees to defined contribution (DC) plans with limited employer contributions.
<b>ACA 23</b> Richman	Oppose	<b>California Public Employee Retirement Plan</b>
<b>Failed Passage</b>		Proposes an amendment to the California State Constitution to establish the California Public Employee Retirement Plan with mandated enrollment in a defined benefit plan and voluntary enrollment in a defined contribution plan for public employees hired on or after July 1, 2007. This measure would, among other things, reduce retirement benefits, increase the normal retirement age, and establish different employee and employer contribution rules.
<b>ACAX1 1</b> Richman	Oppose	<b>Defined Contribution Plan for New Participants</b>
<b>Failed Passage</b>		Proposes an amendment to the California State Constitution to prohibit any newly hired public employee, including state employees, from being enrolled in a defined benefit (DB) public pension plan after July 1, 2007, and establishes the California Public Employee Defined Contribution Plan. ACAX1 1 would restrict new public employees to defined contribution (DC) plans.
<b>ACAX1 8</b> Richman		<b>Defined Contribution and Hybrid Plan for New Participants</b>
<b>Failed Passage</b>		Proposes an amendment to the California Constitution that would establish the California Public Employee Defined Contribution and Hybrid Plans for public employees hired on or after July 1, 2007 as administered by CalPERS, CalSTRS, UCRS, or a private administrator contracted by a local entity. Requires that plans offer death and disability benefits, and establishes employee and employer contribution rates. Permits UC Regents to establish employer contribution rates as necessary to recruit and retain employees.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>ACR 11</b> Dymally  <b>08/30/2005-  Chaptered by  the Secretary of  State, Chapter  Number 98,  Statutes of 2005</b>	Support	<b>Divestment of Sudan Investments</b>  Urges CalPERS and CalSTRS, consistent with their fiduciary responsibilities, to encourage companies in which employee retirement funds are invested and that have been identified by the United States Department of the Treasury's Office of Foreign Assets Control as doing business in Sudan, to act responsibly and not take actions that promote or otherwise enable human rights violations.
<b>ACRX1 1</b> Dymally  <b>Failed Passage</b>		<b>Divestment of Sudan Investments</b>  Urges CalPERS to ensure that no funds are invested in companies doing business in Sudan, so long as genocide and fighting continue in the Darfur region.
<b>AJR 6</b> Koretz  <b>06/27/2005-  Chaptered by  the Secretary of  State, Chapter  Number 57,  Statutes of 2005</b>		<b>Sudan: Darfur Genocide</b>  Requests the President and the Congress of the United States to take all prudent and necessary steps to ensure that the violence in the Darfur region of Sudan is addressed at the highest levels of the federal government.
<b>AJR 11</b> Chan  <b>Failed Passage</b>		<b>Social Security Reform: Requests Well-Measured and Thoughtful Reform Measures by the President</b>  States that the present assumptions held by the President to justify changes in Social Security are incorrect, and that the current Social Security system is a successful concept. Memorializes the President to take thoughtful well-measured steps to alleviate potential future problems with Social Security.
<b>SB 77</b> Senate Budget and Fiscal Review Committee  <b>07/11/2005-  Chaptered by  the Secretary of  State, Chapter  Number 38,  Statutes of 2005</b>		<b>2005-06 Budget Act</b>  Enacts the Budget Act of 2005. Urgency legislation, effective July 11, 2005.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 80</b> Senate Budget and Fiscal Review Committee  <b>07/11/2005-  Chaptered by  the Secretary of  State, Chapter  Number 39,  Statutes of 2005</b>		<b>Revisions to the Budget Act of 2005</b>  This bill makes revisions to the Budget Act of 2005. Urgency legislation, effective July 11, 2005.
<b>SB 105</b> Speier  <b>Failed Passage</b>	Sponsor	<b>Disability Retirement: Medical Examinations</b>  Permits CalPERS to request a medical re-evaluation of a member retired for disability who is over the minimum age for voluntary retirement applicable to members of his or her class and if he or she has been retired for 36-months or less; current law only allows a medical re-evaluation for those under the minimum retirement age.  Similar provisions were introduced in SBX1 3 during special session.
<b>SB 139</b> Margett  <b>Failed Passage</b>	Support, if Amended	<b>Long-Term Care Income Tax Credit</b>  Allows a personal income tax credit of 30 percent, up to \$300 per taxpayer, of the amount paid by the taxpayer for long-term care or long-term care insurance.
<b>SB 154</b> Chesbro  <b>Failed Passage</b>	Support	<b>PEMHCA: Reciprocity with Other States</b>  Authorizes the CalPERS Board to contract with out-of-state public employee pension and health systems to provide health care benefits to California employees and annuitants who reside outside this state, as specified.
<b>SB 189</b> Chesbro  <b>Failed Passage</b>		<b>Mandated Benefits: Substance Related Disorder Treatment</b>  Requires health plans and insurers to provide coverage for the medically necessary treatment of substance related disorders, excluding caffeine related disorders, on the same basis as coverage is provided for any other medical condition. The bill would authorize nonhospital residential care limits to 60 days per calendar year.
<b>SB 211</b> Ackerman  <b>Failed Passage</b>		<b>Joint Powers Agreements: Instrumentality of United States as Public Agencies</b>  This will would include an instrumentality of the United States as a public agency.



# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 329</b> Cedillo		<b>California Prescription Drug Safety and Effectiveness Commission</b>
<b>Failed Passage</b>		Establishes the California Prescription Drug Safety and Effectiveness Commission within the California Health and Human Services Agency. Prescribes the composition of the commission, how the members will be appointed, the terms of commissioners, and duties of the commission related to providing Californians with information on the safety and effectiveness of prescription drugs via an Internet Web site.
<b>SB 336</b> Maldonado		<b>Safety Membership Eligibility</b>
<b>Failed Passage</b>		Enlarges the class of state employees eligible for safety membership. Requires DPA to include employees in safety categories if they meet only one, rather than all, of the specified criteria.
<b>SB 357</b> Perata		<b>Memorandum of Understanding - Units 12 &amp; 13</b>
<b>09/06/2006- Chaptered by the Secretary of State, Chapter Number 210, Statutes of 2006</b>		Contains provisions agreed to in the MOUs between the state and State Bargaining Units 12 and 13. Establishes a 3-year (36 month) final compensation averaging period for state employees first hired after January 1, 2007, who are represented by one of these bargaining units. Limits the payment of the special death benefit to state miscellaneous Unit 12 members whose death was a direct result of injury while performing highway maintenance.
<b>SB 379</b> Margett		<b>IDR Allowance: Increase Upon Attaining Minimum Retirement Age</b>
<b>Failed Passage</b>		Provides that a member attaining the minimum retirement age, and who has retired for industrial disability prior to the minimum retirement age, shall have their allowance increased to the amount the member would have received had he or she attained the minimum retirement age before becoming disabled, if that amount is greater.
<b>SB 417</b> Ortiz		<b>Payment of Provider Claims</b>
<b>Failed Passage</b>		Requires the department to review complaints by providers concerning the payment practices of a health care service plan or an entity with which the plan contracts for payment of claims, to determine if the practice constitutes an unfair payment practice, as defined. The bill would require the director of the department to assess a monetary penalty for the commission of an unfair payment practice.
<b>SB 425</b> Ortiz		<b>HMO Rate Approvals</b>
<b>Failed Passage</b>		Requires HMOs to obtain from DMHC and DOI, approval of rate increases, increases in premiums, copayments, deductibles, charges, and coverage costs, to include rate increases imposed by a plan or health insurer between April 1, 2000 and January 1, 2006.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 437</b> Escutia  <b>09/19/2006- Chaptered by the Secretary of State, Chapter Number 328, Statutes of 2006</b>		<b>Children's Health Care Coverage</b>  <p>Declares the intent of the Legislature that all children in the state have health care coverage by December 1, 2010. This bill would require the board to enroll an eligible person in the Healthy Families Program and to terminate presumptive eligibility benefits for ineligible persons. The bill, by January 1, 2008, would require the board to implement processes for the self-certification of income by Healthy Families applicants, as specified. This bill would establish the Medi-Cal to Healthy Families Presumptive Eligibility Program, with revised eligibility requirements. The bill would provide presumptive eligibility benefits for qualifying children until the last day of the month of the child's effective date of Healthy Families coverage, or determination of ineligibility.</p>
<b>SB 439</b> Simitian  <b>09/22/2005- Chaptered by Secretary of State, Chapter Number 258, Statutes of 2005</b>	Co-Sponsor	<b>Disclosure of Private Equity Information</b>  <p>Amends the California Public Records Act to establish a clear standard for the scope of private equity investment information that is subject to public disclosure by public retirement systems.</p>
<b>SB 452</b> Alarcon  <b>Failed Passage</b>		<b>Medi-Cal: Contracts: Disclosure and Confidentiality</b>  <p>Requires the State Department of Health Services to submit to the Governor an annual report comparing drug prices on the Medi-Cal program and AIDS Drug Assistance Program formularies to prices for comparable drugs on the lowest of any published federal drug formulary. Also requires the Governor to decide, based on this report, whether to seek additional rebates in order to reduce drug prices to the level of the lowest published drug prices. The bill would require the Governor to include that decision in the Governor's annual proposed budget. This bill would make the report provided to the Governor confidential and exempt from disclosure under the California Public Records Act.</p>
<b>SB 525</b> Torlakson  <b>10/07/2005- Chaptered by the Secretary of State, Chapter Number 661, Statutes of 2005</b>		<b>CalSTRS: Termination Benefits</b>  <p>Makes amendments to the Education Code governing benefits payable by CalSTRS. Decreases the time a CalSTRS member must wait from one-year to six calendar months from their date of separation to receive a termination benefit.</p>
<b>SB 528</b> Ackerman  <b>Failed Passage</b>		<b>Judges' Retirement</b>  <p>Expresses the intent of the Legislature to evaluate the impact of trial court unification on the Judges' Retirement Systems and the resulting increase in the judges' ages at the start of their judicial service.</p>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 545</b> Ortiz		<b>CalPERS: Health Benefit Plan Changes</b>
<b>Failed Passage</b>		Creates additional requirements for the CalPERS Board in connection with a change of a health plan, including: public notice of a proposed change or withdrawal; an explanation and cost comparisons for alternative and equivalent services; Board and specified staff members to attendance at open public meetings and hearings; completion of an independent evaluation and verification regarding assumptions about accessibility of health care services, costs, and potential savings; and an explanation of the Board's final decision and rationale.
<b>SB 572</b> Perata		<b>Mandated Benefits: Mental Health Parity</b>
<b>Failed Passage</b>		Requires a health plan and insurer to provide coverage for the diagnosis and treatment of mental illness on the same basis as any other medical condition. The bill would define mental illness to include disorders defined in the Diagnostic and Statistical Manual, excluding substance abuse disorders.
<b>SB 621</b> Speier		<b>Memorandum of Understanding: Fiscal Information and Posting</b>
<b>10/04/2005- Chaptered by the Secretary of State, Chapter Number 499, Statutes of 2005</b>		This bill requires the Department of Personnel Administration to provide complete memorandum of understanding info (MOU), and to ultimately post the ratified MOUs on its web site, as specified. The bill also requires the Joint Legislative Budget Committee to determine if the MOU presents substantial additions to the original agreement, and the Legislative Analyst to issue fiscal analysis within 10 days from when tentative agreement is reached, as specified.
<b>SB 697</b> Kuehl	Sponsor	<b>Increased Investigatory Authority</b>
<b>09/29/2006- Vetoed by the Governor</b>		Earlier version of bill would have allowed CalPERS investigators increased access to information maintained by the Employment Development Department (EDD) or by workers' compensation insurers with respect to an investigation of benefit eligibility or unlawful application for, or receipt of, benefits.  Similar provisions were also introduced in SBX1 4 during special session.  <b>This content was removed from the bill on August 17, 2006.</b>
<b>SB 733</b> Aanestad	Oppose, Unless Amended	<b>Butte and Solano County Trial Courts</b>
<b>Failed Passage</b>		Current law requires, for counties contracting with CalPERS, the county and the trial court within that county to participate in CalPERS under a joint contract. This bill would exempt Butte County and Solano County from part of that provision, instead requiring that the assets and liabilities of the trial court and the county be kept in separate accounts, with the separation of assets calculated retroactively from June 30, 2002.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 739</b> Speier  <b>09/28/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 526,</b> <b>Statutes of 2006</b>	Support	<b>Hospitals: Infection Control</b>  Establishes the Hospital Infectious Disease Control Program requiring DHS and general acute care hospitals to implement measures relating to disease surveillance and the prevention of health care associated infection (HAI). The bill also requires that hospitals take measures to prevent the spread of influenza in hospitals. Hospitals are required to report to DHS their implementation of infection prevention measures and develop procedures to prevent secondary surgical site infections.
<b>SB 777</b> Soto  <b>09/20/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 369,</b> <b>Statutes of 2006</b>		<b>County Employees' Retirement</b>  Makes a variety of changes to the County Employees' Retirement Law regarding deductions, and service credit purchase calculations.
<b>SB 796</b> Figueroa  <b>10/07/2005-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 686,</b> <b>Statutes of 2005</b>		<b>State Government Operations: Accountability</b>  Declares the intent of the Legislature to enact legislation that will make state government more accountable to the public by improving the transparency of government operations.
<b>SB 840</b> Kuehl  <b>09/22/2006-</b> <b>Vetoed by the</b> <b>Governor</b>	Neutral	<b>Universal Coverage: Single-Payer System</b>  Makes all California residents eligible for specified health care benefits under the newly created California Health Insurance System, which would, on a single-payer basis, negotiate for or set fees for health care services provided through the system and pay claims for those services. Prohibits the issuance of health plan contracts for services covered by the system. Creates the California Health Insurance Premium Commission (the Commission) to determine the cost of the California Health Insurance System and develop a premium structure. Requires the Commission to recommend a premium structure to the Governor and Legislature on or before January 1, 2009, and to make a draft recommendation to the Governor, the legislature and the public 90 days before submitting its final premium structure recommendation. Requires that the system be operative within two years of the Secretary of Health and Human Services notifying the legislature that sufficient funds exist.  <i>See veto message on pages 65-66.</i>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 877</b> Speier		<b>County Employees Retirement Law: Disability Causation Standard</b>
<b>Failed Passage</b>		For the purposes of obtaining a disability retirement by county employees, this bill would amend the CERL to require clear and convincing evidence that an injury or illness was related to employment. Furthermore, this bill would define permanent incapacity as a mental or physical impairment that permanently prevents a member from completing a substantial portion of their job duties.
<b>SB 880</b> Ashburn		<b>Rate Stabilization: Contingency Reserves</b>
<b>Failed Passage</b>		Authorizes the CalPERS Board and the respective retirement boards of local government systems to create a Pension Contribution Stabilization Account. The account is to be used for the sole purpose of paying unfunded liabilities. Would require employer contributions in years when the actuarial value of the system's assets exceeds its liability.
<b>SB 881</b> Ashburn		<b>Election Rights for 1st Tier Service</b>
<b>Failed Passage</b>		Requires a member's election to become subject to 1st tier benefits, rather than 2nd tier benefits, to be filed at least 3 years prior to retirement. Also removes a member's ability to convert 2nd tier service to 1st tier upon making the required member contributions.  Similar provisions are also in SBX1 9.
<b>SB 882</b> Ashburn		<b>Three Year Final Compensation Period</b>
<b>Failed Passage</b>		Provides a 3-year final compensation period for state and school members hired on or after January 1, 2006, or those not in an employee group subject to a 1-year final compensation definition.
<b>SB 883</b> Ashburn		<b>Reduced Benefit Formula for New Employees</b>
<b>Failed Passage</b>		Specifies that the 2% @ 55 and the 3% @ 60 formulas are not applicable to employees hired on or after January 1, 2006. Employees hired after that date would instead be subject to a 2% @ 60 formula.
<b>SB 884</b> Ashburn		<b>Prospective Application of Benefit Enhancements</b>
<b>Failed Passage</b>		Beginning January 1, 2006, requires that retirement formula enhancements apply prospectively only, and not be applied to prior service.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 886</b> Ashburn		<b>Safety Classification Study</b>
<b>Failed Passage</b>		Directs the Bureau of State Audits to conduct a comprehensive audit of the state's safety employee classifications to assure that employee classifications meet federal criteria.
<b>SB 887</b> Ashburn		<b>Safety Membership Justification</b>
<b>Failed Passage</b>		Prohibits DPA from approving safety membership for any additional classes of state employees unless the Legislature has ratified a justification for the classification. Furthermore, any MOU that specifies new classes of safety members shall not be effective with respect to the new classes until the Legislature ratifies the MOU.
<b>SB 888</b> Ashburn		<b>DB/DC Hybrid Plan</b>
<b>Failed Passage</b>		Requires the CalPERS Board of Administration, and the governing boards of county and local retirement plans, to establish hybrid retirement plans for employees hired on or after January 1, 2006 that consist of a defined benefit plan funded by employer contributions, and a defined contribution plan funded by employee contributions. Establishes employer and employee contribution rates, with differing rates for firefighters and peace officers.
<b>SB 889</b> Ashburn		<b>Employer Rate Stabilization</b>
<b>Failed Passage</b>		States the Legislature's intent to create more stable employer contribution rates by increasing CalPERS' usage of smoothing techniques.
<b>SB 913</b> Simitian		<b>Mandated Benefits: Biologic Therapies</b>
<b>Failed Passage</b>		Prohibits a health plan or insurer that provide prescription drug coverage from requiring a step therapy pharmacy management protocol that makes a distinction between biologic and nonbiologic therapies for the treatment of rheumatic disease.
<b>SB 916</b> Speier		<b>Limit on Workers' Compensation and IDR Benefits</b>
<b>Failed Passage</b>		For payments on or after January 1, 2006, prohibits a person from receiving more than 90 percent of their final compensation in workers' compensation benefits and defined benefit retirement allowance combined.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 917</b> Speier  <b>10/06/2005- Vetoed by Governor</b>	Support, if Amended	<b>Disclosure of Hospital Charges</b>  The existing Payers' Bill of Rights authorizes OSHPD to compile a list of the 10 most common Medicare diagnostic related groups (DRGs), the average charge for each of these DRGs per hospital, and to publish this information on its Web site. This bill increases the list to the 25 most common Medicare DRGs. The bill also requires OSHPD to use Medicare All Patient Refined (APR)-DRGs for all hospitals, except those with fewer than 10 percent Medicare admissions in the previous year.  <i>See veto message on page 67.</i>
<b>SB 954</b> Figueroa  <b>10/05/2005- Chaptered by the Secretary of State, Chapter Number 556, Statutes of 2005</b>		<b>Procurement of Information Technology Goods and Services</b>  Makes certain findings regarding the manner in which state agencies procure information technology goods and services. Requires the Department of General Services, on or before January 1, 2007, to develop policies and guidelines for the procurement of information technology goods and services. Urgency, effective October 5, 2005.
<b>SB 973</b> Kuehl  <b>09/29/2005- Chaptered by the Secretary of State, Chapter Number 418, Statutes of 2005</b>	Support	<b>Survivor Continuance: Domestic Partners</b>  Allows members who retired before the establishment of the domestic partnership registry to qualify their domestic partners for survivor continuance benefits. The bill also clarifies the administration of domestic partner community property settlements to ensure compliance with federal law, and it eliminates PEMHCA provisions that discriminate against domestic partners in the provision of health benefits.
<b>SB 1065</b> Ashburn  <b>Failed Passage</b>		<b>Public Employees' Retirement System</b>  Makes technical, non-substantive changes to Government Code section 20677.4, pertaining to contribution rates for state miscellaneous and state industrial members.
<b>SB 1091</b> Maldonado  <b>Failed Passage</b>	Support, if Amended	<b>Vision Care for Annuitants</b>  Requires the Board to provide state annuitants who retire by July 1, 2006, and their family members, with vision care benefits comparable to those provided to active state employees, including a state employer contribution.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 1093</b> Soto  <b>Failed Passage</b>	Support	<b>IDR and Special Death Benefits: Bargaining Unit 12</b>  Current law provides eligibility for industrial disability retirement benefits and the special death benefit to state miscellaneous members employed by the Department of Transportation and represented by BU 12, subject to an MOU agreement. This bill removes the requirement of an MOU agreement.
<b>SB 1108</b> Senate Judiciary Committee  <b>06/28/2005-  Chaptered by  the Secretary of  State, Chapter  Number 22,  Statutes of 2005</b>		<b>Code Maintenance (2005)</b>  Makes technical, nonsubstantive changes in various provisions of law to effectuate the recommendations made by the Legislative Counsel to the Legislature.
<b>SB 1168</b> Chesbro  <b>09/29/2006-  Chaptered by  the Secretary of  State, Chapter  Number 642,  Statutes of 2006</b>	Support	<b>Rural Health Care Equity Program</b>  Extends the operation of the Rural Health Care Equity Program from January 1, 2008 to January 1, 2012 or until the board determines that health maintenance organization plans are no longer the most cost-effective health benefit plans offered by the board. This bill was amended to make the program contingent upon funding in the Annual Budget Act.
<b>SB 1183</b> Ackerman  <b>07/07/2006-  Chaptered by  the Secretary of  State, Chapter  Number 57,  Statutes of 2006</b>		<b>Corporate Governance: Foreign Corporations: Supermajority Vote</b>  Eliminates the 2-year limit on supermajority vote to change the articles on incorporation. This bill would additionally provide that a foreign corporation is not transacting intrastate business merely because of its status as a shareholder, limited partner, or member or manager of a domestic corporation, limited partnership, or limited liability company or a foreign corporation, limited partnership, or limited liability company transacting intrastate business.
<b>SB 1187</b> Ackerman  <b>Failed Passage</b>	Neutral, with Suggested Amendments	<b>JRS II: Annuity Option for Early Retirees</b>  Provides Judges' Retirement System II members retiring "early" an option of a lifetime annuity similar to that offered to JRS II members under a "normal" retirement by authorizing CalPERS to offer the option of an actuarially equivalent lifetime annuity. A judge who chooses this option and later reenters the system, may not redeposit his or her withdrawn contributions and shall reenter as a new member without credit for any previous JRS II service.



# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 1207</b> Alarcon  <b>09/30/2006-                      Chaptered by                      the Secretary of                      State, Chapter                      Number 871,                      Statutes of 2006</b>	Co-Sponsor	<b>Majority Vote for Corporate Directors</b>  Would allow California incorporated public corporations that have eliminated cumulative voting to adopt a majority vote requirement for uncontested board of director elections and specifies procedures to be followed if an incumbent director fails to be elected at such an election. Would maintain the plurality vote as the default standard for uncontested board of director elections of these corporations.
<b>SB 1223</b> Scott  <b>09/28/2006-                      Vetoed by the                      Governor</b>		<b>Mandated Benefits: Hearing Aids</b>  Requires health care service plans and health insurers to offer or provide, as specified, coverage up to \$1,000 for hearing aids, as defined, to all enrollees, subscribers, and insureds under 18 years of age.  <i>See veto message on page 68.</i>
<b>SB 1263</b> Alquist  <b>Failed Passage</b>	Support	<b>Long Term Care Insurance: Income Tax Deduction</b>  Allows most taxpayers to deduct the cost of long-term care insurance for the taxpayer, spouse, and dependents. The deduction will be phased in over 5 years, beginning with 25 percent of the insurance costs for the 2007 tax year, increasing to 100 percent for the 2012 tax year and later. Requires the Franchise Tax Board to annually report information about deductions claimed.
<b>SB 1273</b> Soto  <b>09/18/2006-                      Chaptered by                      the Secretary of                      State, Chapter                      Number 307,                      Statutes of 2006</b>	Neutral, with Suggested Amendments	<b>Public Agency Definition: Area Agency on Aging</b>  Authorizes a private nonprofit area agency on aging to enter into a contract with CalPERS for participation of the agency's employees as members of the system if the agency obtains a ruling from the U.S. Department of Labor defining it as a public agency. This bill increases member contributions and would make an appropriation.
<b>SB 1443</b> Ashburn  <b>Failed Passage</b>	Neutral	<b>Public Employees' Retirement: Retirement Allowances</b>  Would limit a retirement benefit allowance based on a combination of service with the State of California in the member classifications of patrol member, state peace officer/firefighter, and/or state safety to no more than 90 percent of final compensation if the effective date of retirement is on or after the effective date of this measure. SB 1443 is an urgency measure and would become effective on the date it becomes enacted.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 1445</b> Alquist		<b>PEMHCA: California National Guard</b>
<b>Failed Passage</b>		Includes qualifying members of the California National Guard in the definition of "employee" under PEMHCA. Beginning January 1, 2007, qualifying members of the California National Guard will be eligible for the same health and dental care benefits provided to personnel serving on active duty.
<b>SB 1452</b> Speier		<b>State Audits</b>
<b>09/25/2006- Chaptered by the Secretary of State, Chapter Number 452, Statutes of 2006</b>		Enacts the Omnibus Audit Accountability Act of 2006, provisions of which affect state audit functions, including state agencies audits, the State Auditor and the State Compensation Insurance Fund.
<b>SB 1609</b> Simitian		<b>Reverse Mortgages: Annuities</b>
<b>09/05/2006- Chaptered by the Secretary of State, Chapter Number 202, Statutes of 2006</b>		Prohibits a lender from requiring the purchase of an annuity as a condition of obtaining a reverse mortgage loan. Prohibits a reverse mortgage lender or a broker arranging a reverse mortgage loan from offering an annuity to the borrower or referring the borrower to anyone for the purchase of an annuity prior to the closing of the loan or before the expiration of the borrower's right to rescind. Requires a lender to refer a prospective borrower to a housing counseling agency for counseling, as specified, prior to accepting a final and complete application for a reverse mortgage or assessing any fees, and would prohibit a lender from accepting a full and complete application for a reverse mortgage loan or assessing any fees without receiving certification, as specified, that the borrower had received this counseling.
<b>SB 1697</b> Soto		<b>Military Service: Benefits (Military Department Report to the Legislature)</b>
<b>09/29/2006- Chaptered by the Secretary of State, Chapter Number 680, Statutes of 2006</b>		Requires the State Military Department to submit a report to the Legislature, as specified, on or before January 1, 2008, regarding members of the department who would qualify as public safety personnel, thereby making them eligible to receive public safety benefits.
<b>SB 1729</b> Soto	Sponsor	<b>PEMHCA: Prefunding Retiree Health Care Benefits</b>
<b>09/29/2006- Vetoed by the Governor</b>		Provides specific authority to the board to offer prefunding for OPEB benefits to public entities that do not participate in PEMHCA and to make other statutory changes regarding the administration of such a plan.  <i>See veto message on page 69.</i>

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SB 1852</b> Senate Judiciary Committee  <b>09/28/2006-</b> <b>Chaptered by</b> <b>the Secretary of</b> <b>State, Chapter</b> <b>Number 538,</b> <b>Statutes of 2006</b>		<b>Code Maintenance (2006)</b>  Makes technical, nonsubstantive changes in various provisions of law to effectuate the recommendations made by the Legislative Counsel to the Legislature.
<b>SBX1 2</b> Dunn  <b>Failed Passage</b>		<b>Employer Rate Stabilization Accounts</b>  Establishes within the PERF a Taxpayer Adverse Risk Prevention Account for each employer. The accounts would be held as an employer asset and funded by all or a portion of employer contributions when the actuarial value of assets exceeds the present value of benefits. The account may be drawn upon to pay a portion of the employer contribution when the employer contribution rate is greater than the normal cost of benefits.
<b>SBX1 3</b> Speier  <b>Failed Passage</b>	Sponsor	<b>Disability Retirement: Medical Examinations</b>  Permits CalPERS to request a medical re-evaluation of a member retired for disability who is over the minimum age for voluntary retirement applicable to members of his or her class and if he or she has been retired for 36-months or less; current law only allows a medical re-evaluation for those under the minimum retirement age.  Similar provisions are also in SB 105.
<b>SBX1 4</b> Soto  <b>Failed Passage</b>	Sponsor	<b>Increased Investigatory Authority</b>  Allows CalPERS investigators increased access to information maintained by the Employment Development Department (EDD) or by workers' compensation insurers with respect to an investigation of benefit eligibility or unlawful application for, or receipt of, benefits.  Similar provisions were also introduced in SB 697.
<b>SBX1 6</b> Ashburn  <b>Failed Passage</b>		<b>Three Year Final Compensation Period</b>  Provides a 3-year final compensation period for state and school members hired on or after January 1, 2006, or those not in an employee group subject to a 1-year final compensation definition.

# SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SBX1 7</b> Ashburn		<b>Prospective Application of Benefit Enhancements</b>
<b>Failed Passage</b>		Beginning January 1, 2006, requires that retirement formula enhancements apply prospectively only, and not be applied to prior service.
<b>SBX1 9</b> Ashburn		<b>Election Rights for 1st Tier Service</b>
<b>Failed Passage</b>		Requires a member's election to become subject to 1st tier benefits, rather than 2nd tier benefits, to be filed at least 3 years prior to retirement. Also removes a member's ability to convert 2nd tier service to 1st tier upon making the required member contributions.  Similar provisions are also in SB 881.
<b>SBX1 10</b> Ashburn		<b>DB/DC Hybrid Plan</b>
<b>Failed Passage</b>		Requires the CalPERS Board of Administration, and the governing boards of county and local retirement plans, to establish hybrid retirement plans for employees hired on or after January 1, 2006 that consist of a defined benefit plan funded by employer contributions, and a defined contribution plan funded by employee contributions.
<b>SBX1 12</b> Ashburn		<b>Reduced Benefit Formula for New Employees</b>
<b>Failed Passage</b>		Specifies that the 2% @ 55 and the 3% @ 60 formulas are not applicable to employees hired on or after January 1, 2006. Employees hired after that date would instead be subject to a 2% @ 60 formula.
<b>SBX1 13</b> Ashburn		<b>Rate Stabilization: Contingency Reserves</b>
<b>Failed Passage</b>		Authorizes the CalPERS Board and the respective retirement boards of local government systems to create a Pension Contribution Stabilization Account. The account is to be used for the sole purpose of paying unfunded liabilities. Would require employer contributions in years when the actuarial value of the system's assets exceeds its liabilities.  The language in this bill is also included in SBX1 2 and ABX1 4. This bill was previously SB 880.

## SUMMARY OF 2005-2006 LEGISLATION BY BILL NUMBER

Bill Number Author	Board Position	Summary
<b>SCA 17</b> Speier  <b>Failed Passage</b>		<b>State Officer: Compensation</b>  The California Constitution prohibits a state officer from accepting and from receiving earned income from certain persons. For this purpose, "state officer" means the Governor, Lieutenant Governor, Attorney General, Controller, Insurance Commissioner, Secretary of State, Superintendent of Public Instruction, Treasurer, or a member of the State Board of Equalization. Current law prohibits a state or local public official from using his or her official position to influence a governmental decision in which he or she has a financial interest. Amends the California Constitution to prohibit a state officer, as specified, from providing services other than performing the duties of his or her state office for compensation from the state.
<b>SCR 117</b> Soto  <b>Failed Passage</b>	Support	<b>CalPERS: Reverse Annuity Mortgages</b>  Directs CalPERS to study and consider development of a reverse annuity mortgage program for retired members and to report to the Legislature on the findings of the study on or before January 15, 2007

**CROSS REFERENCE OF CHAPTERED  
LEGISLATION BY BILL NUMBER**

**2005-2006 SESSION**



## 2005-2006 CROSS REFERENCE BY BILL NUMBER

Bill Number	Author	Chapter Number	Statutes	Effective Date (If prior to January 1 <sup>st</sup> )
AB 8	Chu	127	07/25/2005	07/25/2005
AB 139	A-Budget Committee	74	07/19/2005	07/19/2005
AB 224	Negrete McLeod	351	09/22/2005	
AB 256	De La Torre	708	10/07/2005	
AB 277	Mountjoy	288	09/22/2005	
AB 354	Cogdill	449	09/30/2005	
AB 386	Lieber	237	09/13/2006	09/13/2006
AB 538	Harman	63	07/18/2005	
AB 587	Negrete McLeod	527	10/05/2005	
AB 774	Chan	755	09/29/2006	
AB 980	Umberg	319	09/22/2005	
AB 1044	Aghazarian	322	09/22/2005	
AB 1045	Frommer	532	10/05/2005	
AB 1116	Yee	637	10/07/2005	
AB 1166	Canciamilla	328	09/22/2005	
AB 1359	Chan	230	09/06/2005	09/06/2005
AB 1369	Nunez	209	09/06/2006	09/06/2006
AB 1373	Umberg	70	07/18/2005	
AB 1458	De La Torre	238	09/13/2006	09/13/2006
AB 1523	Blakeslee	151	08/30/2005	
AB 1567	Torrico	44	07/11/2005	07/11/2005
AB 1643	Jones	724	09/29/2006	
AB 1663	Jones	413	09/29/2005	
AB 1769	Negrete McLeod	134	07/27/2005	07/27/2005
AB 1772	APER&SS	547	10/05/2005	
AB 1801	Laird	47	06/30/2006	06/30/2006
AB 2012	Emmerson	756	09/29/2006	
AB 2179	Leslie	441	09/25/2006	
AB 2242	APER&SS	611	09/29/2006	
AB 2244	APER&SS	118	07/24/2006	
AB 2351	Maze	355	09/20/2006	
AB 2408	Negrete McLeod	777	09/29/2006	
AB 2438	Chu	121	07/24/2006	
AB 2544	Pavley	862	09/30/2006	
AB 2651	Jones	335	09/19/2006	
AB 2667	Baca	758	09/29/2006	
AB 2863	Karnette	846	09/30/2006	09/30/2006
AB 2884	Baca	622	09/29/2006	

## 2005-2006 CROSS REFERENCE BY BILL NUMBER

Bill Number	Author	Chapter Number	Statutes	Effective Date (If prior to January 1 <sup>st</sup> )
<b>AB 2911</b>	Nunez	619	09/29/2006	
<b>AB 2930</b>	Laird	239	09/13/2006	09/13/2006
<b>AB 2936</b>	Ridley-Thomas	240	09/13/2006	09/13/2006
<b>AB 2941</b>	Koretz	442	09/25/2006	
<b>AB 2945</b>	Spitzer	427	09/22/2006	09/22/2006
<b>AB 3033</b>	Lieber	834	09/30/2006	
<b>AB 3041</b>	Pavley	326	09/18/2006	
<b>ACR 11</b>	Dymally	98	08/30/2005	
<b>AJR 6</b>	Koretz	57	06/27/2005	
<b>SB 77</b>	S-Budget and Fiscal Review Committee	38	07/11/2005	07/11/2005
<b>SB 80</b>	S-Budget and Fiscal Review Committee	39	07/11/2005	07/11/2005
<b>SB 357</b>	Perata	210	09/06/2006	09/06/2006
<b>SB 437</b>	Escutia	328	09/19/2006	
<b>SB 439</b>	Simitian	258	09/22/2005	
<b>SB 525</b>	Torlakson	661	10/07/2005	
<b>SB 621</b>	Speier	499	10/04/2005	
<b>SB 739</b>	Speier	526	09/28/2006	
<b>SB 777</b>	Soto	369	09/20/2006	
<b>SB 796</b>	Figueroa	686	10/07/2005	
<b>SB 954</b>	Figueroa	556	10/05/2005	10/05/2005
<b>SB 973</b>	Kuehl	418	09/29/2005	
<b>SB 1108</b>	S-Judiciary Committee	22	06/28/2005	
<b>SB 1168</b>	Chesbro	642	09/29/2006	
<b>SB 1183</b>	Ackerman	57	07/07/2006	
<b>SB 1207</b>	Alarcon	871	09/30/2006	
<b>SB 1273</b>	Soto	307	09/18/2006	
<b>SB 1452</b>	Speier	452	09/25/2006	
<b>SB 1609</b>	Simitian	202	09/05/2006	
<b>SB 1697</b>	Soto	680	09/29/2006	
<b>SB 1852</b>	S-Judiciary Committee	538	09/28/2006	



# **CROSS REFERENCE OF CHAPTERED LEGISLATION BY CHAPTER NUMBER**

**2005-2006 SESSION**



## 2005-2006 CROSS REFERENCE BY CHAPTER NUMBER

Chapter Number	Bill Number	Author	Statutes	Effective Date (If prior to January 1 <sup>st</sup> )
22	SB 1108	Judiciary Committee	06/28/2005	
38	SB 77	S -Budget and Fiscal Review Committee	07/11/2005	07/11/2005
39	SB 80	S-Budget and Fiscal Review Committee	07/11/2005	07/11/2005
44	AB 1567	Torrico	07/11/2005	07/11/2005
47	AB 1801	Laird	06/30/2006	06/30/2006
57	AJR 6	Koretz	06/27/2005	
57	SB 1183	Ackerman	07/07/2006	
63	AB 538	Harman	07/18/2005	
70	AB 1373	Umberg	07/18/2005	
74	AB 139	A-Budget Committee	07/19/2005	07/19/2005
98	ACR 11	Dymally	08/30/2005	
118	AB 2244	APER&SS	07/24/2006	
121	AB 2438	Chu	07/24/2006	
127	AB 8	Chu	07/25/2005	07/25/2005
134	AB 1769	Negrete McLeod	07/27/2005	07/27/2005
151	AB 1523	Blakeslee	08/30/2005	
202	SB 1609	Simitian	09/05/2006	
209	AB 1369	Nunez	09/06/2006	09/06/2006
210	SB 357	Perata	09/06/2006	09/06/2006
230	AB 1359	Chan	09/06/2005	09/06/2005
237	AB 386	Lieber	09/13/2006	09/13/2006
238	AB 1458	De La Torre	09/13/2006	09/13/2006
239	AB 2930	Laird	09/13/2006	09/13/2006
240	AB 2936	Ridley-Thomas	09/13/2006	09/13/2006
258	SB 439	Simitian	09/22/2005	
288	AB 277	Mountjoy	09/22/2005	
307	SB 1273	Soto	09/18/2006	
319	AB 980	Umberg	09/22/2005	
322	AB 1044	Aghazarian	09/22/2005	
326	AB 3041	Pavley	09/18/2006	
328	AB 1166	Canciamilla	09/22/2005	
328	SB 437	Escutia	09/19/2006	
335	AB 2651	Jones	09/19/2006	
351	AB 224	Negrete McLeod	09/22/2005	
355	AB 2351	Maze	09/20/2006	
369	SB 777	Soto	09/20/2006	

## 2005-2006 CROSS REFERENCE BY CHAPTER NUMBER

Chapter Number	Bill Number	Author	Statutes	Effective Date (If prior to January 1 <sup>st</sup> )
413	AB 1663	Jones	09/29/2005	
418	SB 973	Kuehl	09/29/2005	
427	AB 2945	Spitzer	09/22/2006	09/22/2006
441	AB 2179	Leslie	09/25/2006	
442	AB 2941	Koretz	09/25/2006	
449	AB 354	Cogdill	09/30/2005	
452	SB 1452	Speier	09/25/2006	
499	SB 621	Speier	10/04/2005	
526	SB 739	Speier	09/28/2006	
527	AB 587	Negrete McLeod	10/05/2005	
532	AB 1045	Frommer	10/05/2005	
538	SB 1852	S-Judiciary Committee	09/28/2006	
547	AB 1772	APER&SS	10/05/2005	
556	SB 954	Figueroa	10/05/2005	10/05/2005
611	AB 2242	APER&SS	09/29/2006	
619	AB 2911	Nunez	09/29/2006	
622	AB 2884	Baca	09/29/2006	
637	AB 1116	Yee	10/07/2005	
642	SB 1168	Chesbro	09/29/2006	
661	SB 525	Torlakson	10/07/2005	
680	SB 1697	Soto	09/29/2006	
686	SB 796	Figueroa	10/07/2005	
708	AB 256	De La Torre	10/07/2005	
724	AB 1643	Jones	09/29/2006	
755	AB 774	Chan	09/29/2006	
756	AB 2012	Emmerson	09/29/2006	
758	AB 2667	Baca	09/29/2006	
777	AB 2408	Negrete McLeod	09/29/2006	
834	AB 3033	Lieber	09/30/2006	
846	AB 2863	Karnette	09/30/2006	09/30/2006
862	AB 2544	Pavley	09/30/2006	
871	SB 1207	Alarcon	09/30/2006	

# **GOVERNOR'S VETO MESSAGES**

**2005-2006 SESSION**



**BILL NUMBER: AB 55**  
**VETOED DATE: 10/07/2005**

To the Members of the California State Assembly:

I am returning Assembly Bill 55 without my signature.

The payment contemplated in this bill is the subject of ongoing litigation, yet this bill does not end the lawsuit. This bill would authorize payments equaling over \$800 million to the Supplemental Benefit Maintenance Account. In 2003 the Legislature determined, on a one-time basis, that a payment of \$500 million was unnecessary to provide purchasing power protection to retired teachers. That determination is the subject of ongoing litigation. This additional payment of \$800 million would not resolve that litigation. If this bill made it clear it settled the lawsuit, I would consider signing it.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 73**  
**VETOED DATE: 09/29/2005**

To the Members of the California State Assembly:

I am returning Assembly Bill 73 without my signature.

This bill would require the Department of Health Services to establish a Web site to facilitate purchasing prescription drugs, including links to Canadian, United Kingdom, and Irish pharmacies. I am supportive of reducing the cost of prescription medications for California residents; however, this bill over-simplifies the complex safety, trade, supply, and pricing issues involved in this marketplace. I am concerned that this bill would establish a mechanism to facilitate an illegal practice, expose the state to potential tort liability, and potentially jeopardize patient safety. Finally, there would be increased fiscal impact on the General Fund for development and implementation of a state drug importation safety program.

Much more can and should be done to assist Californians in receiving cost-effective, quality healthcare. My Administration worked with Senators Ortiz and Poochigian to author Senate Bill 19 and provide safe and legal prescription drugs to over 5 million uninsured Californians at an estimated 40 percent discount. In addition to support from doctors and pharmacists, this effort was supported by consumer groups like the AARP, the AIDS Healthcare Foundation, the Mental Health Association of California, National Multiple Sclerosis Society, California Arthritis Foundation Council, Epilepsy Foundation of Northern California and the Alzheimer's Aid Society.

Unfortunately, despite the overwhelming support from these consumer groups the measure was blocked by the Legislature, so more work needs to be done.

My administration will continue to work to find ways to help California's uninsured have access to safe, legal and affordable prescription drugs.

For these reasons, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 76**  
**VETOED DATE: 10/07/2005**

To the Members of the California State Assembly:

I am returning Assembly Bill 76 without my signature.

AB 76 would create the Office of Pharmaceutical Purchasing (OPP) within the California Health and Human Services Agency. This bill takes a process currently performed by the Department of General Services (DGS), which has the general charge of purchasing goods and services for State agencies, and moves it to a newly created program, the OPP, in the Health and Human Services Agency, which does not currently have any purchasing functions, capacity or resources.

As the Legislative Analysts Office (LAO) concluded in a recent report (Lowering the States Costs for Prescription Drugs, February 2005), the creation of a new state drug purchasing office could be costly, create organizational difficulties, and provide little strategic advantage to the State over the current arrangement in which procurement duties are already largely concentrated.

Many of the concepts in this legislation are a part of DGSs strategic purchasing initiatives and can be accomplished administratively without creating a costly and inefficient new bureaucracy.

Accordingly, I am directing the Department of General Services to investigate and implement options and strategies to achieve the greatest savings possible on prescription drugs and undertake the following activities to the extent they are feasible and would help control prescription drug costs:

Identify opportunities for DGS, University of California, and California Public Employees Retirement System to coordinate procurement information, consolidate drug procurement or engage in other joint activities that will result in cost savings.

Pursue opportunities for the State and other eligible entities to achieve savings through the appropriate use of generic drugs and through the federal 340B program.

These activities, in combination with the efforts DGS has already undertaken, will help control the states rising prescription drug costs without creating a costly and unnecessary new bureaucratic entity.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 78**  
**VETOED DATE: 09/29/2005**

To the Members of the California State Assembly:

I am returning Assembly Bill (AB) 78 without my signature.

This bill would require pharmacy benefit managers (PBMs) to provide their clients access to detailed information about rebates and other revenue that the pharmacy benefit manager receives from pharmaceutical manufacturers, brokers, consultants or other intermediaries.

This measure is a variation on AB 1960 from 2004 which I vetoed. Although different in details, the main point of AB 78, as with AB 1960, is to compel PBMs to reveal their internal financial arrangements to their clients and potential clients. I vetoed AB 1960 because I believed then that it would have the unintended consequence of increasing drug costs to health plans and other purchasers without providing any real consumer benefit. I have seen no new information to cause me to change that opinion.

Sincerely,

Arnold Schwarzenegger



**BILL NUMBER: AB 264**  
**VETOED DATE: 09/28/2006**

To the Members of the California State Assembly:

I am returning AB 264 without my signature as the bill is unnecessary. Existing law and regulations already require health plans to provide coverage for the treatment of asthma as well as effective health education services which include information regarding personal health behavior and health care. Health plans are already providing health education services to members who have pediatric asthma enrollees so another health care mandate is not needed.

Preventing and treating asthma has been an important priority for my Administration. In 2004, I signed AB 2185 (Frommer) to increase the availability and accessibility of essential medical equipment for children with asthma. I provided state funding through my 2005-06 and 2006-07 budgets to launch an expanded state effort to increase and improve Californias response to asthma through local projects that work to improve the quality of clinical care, reduce asthma morbidity, and reduce/eliminate asthma health disparities for California children aged 0-18 years with asthma. My Administration has also worked to prevent and treat asthma through legislative and budget efforts to reduce air pollution, coordinating implementation of the states strategic plan for asthma, and Medi-Cal requirements that health plans to provide organized programs, services, functions, and resources necessary to deliver asthma self-management education and training programs for enrollees.

I believe imposing a new mandate on health plans at this time will contribute to rising health care costs making health coverage more expensive and inaccessible to uninsured Californians. The cost of health care is rising at an alarming rate - not just in California but across the nation. I am concerned that without fundamental changes in the system, insurance coverage will become even less affordable for workers and employers. This is why I want to see a new health care paradigm that addresses affordability, shared responsibility and the promotion of healthy living. With my partners in the Legislature, I look forward in 2007 to working to develop a comprehensive and systemic approach to health care that supports cost containment, recognizes the shared responsibility of individuals, employers and government.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 310**  
**VETOED DATE: 09/29/2005**

To the Members of the California Assembly:

I am returning Assembly Bill 310 without my signature.

If a mandatory defined contribution plan is established for state and local government employees, I believe that the qualifications and standards for its investment providers is an extremely important consideration. Absent such a plan, this bill is unnecessary.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 1199**  
**VETOED DATE: 10/07/2005**

To the Members of the California State Assembly:

I am returning Assembly Bill 1199 without my signature.

I believe that children should be insured but this bill and AB 772 fail to address a critical question: How to pay for it? This bill would cost the state almost a half billion dollars a year without providing a funding source at a time when California has a \$7.5 billion structural deficit.

I have continually stated my interest in providing health coverage to low-income uninsured California children. Consistent with that interest, I have made expanding children's health coverage a top priority in a challenging fiscal time by protecting eligibility for Medi-Cal and the Healthy Families Program (HFP), funding an additional 126,000 children in HFP and reinstituting community-based certified application assistance to help reach the estimated 428,000 children who are eligible for public programs but not yet enrolled. More broadly, my budget included a \$1 billion increase in funding for health care services for over 7 million low-income Californians already eligible for public programs.

While I share the goal of insuring children in California, I have concerns with certain aspects of the roadmap provided in AB 772 and therefore cannot sign it or AB 1199. The measures rely solely on the expansion of state programs as the means to increase health coverage for uninsured children. Further, AB 772 includes strategies that need to be further analyzed for their relative effect on enrollment, cost effectiveness, and program integrity, and evaluated to ensure that they won't divert resources to administrative processes, unproven enrollment strategies, and investments for already enrolled children. As an example, AB 772 would eliminate documentation and verification requirements for purposes of determining eligibility, despite evidence in other states regarding error rates associated with this approach, the potential for federal disallowances and susceptibility to fraud. Additionally, AB 772 fails to include a funding source for a program that once fully implemented is expected to cost in excess of \$820 million dollars (\$444 million General Fund) annually.

Providing access to affordable health coverage for California children has been and will continue to be an important priority for me and my Administration. While progress has been made over the past year in expanding coverage, more needs to be done. My Administration is committed to working with the Legislature and stakeholders to find a solution to this critical priority for California that can be enacted next year, but we must do so in a manner that the State of California can afford, is funded, and that effectively targets new investments in proven strategies to provide coverage to California children.

For these reasons I am unable to sign this measure.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 1568**  
**VETOED DATE: 09/29/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill 1568 without my signature.

I fully support prohibiting members of a county retirement board or investment board governed by the County Employees Retirement Law of 1937 from marketing investment products to any other 37 Act county retirement fund. In fact, I believe that all board members of all of our retirement systems should be held to the highest standards and I support legislation such as this bill that removes potential conflicts of interest. In fact, the conflict of interest policy recently adopted by the State Teachers Retirement Board affecting campaign contributions and gifts limits for Board members should be a model endorsed by all county retirement boards. We need to ensure that no retirement board members have to choose between what is right for the system and what might personally or professionally benefit that board member.

This bill also requires ethics training for board members. I support ethics training for all government officials which is why I signed Assembly Bill 1234 (Chapter 700, Statutes of 2005.) Because of the provisions in that measure, I believe the training provisions in this bill are redundant and may create confusion. In addition, I am concerned that this bill may create a reimbursable state mandate. I am concerned that the Legislature was not fully informed about the fiscal impact of this bill because it was not properly vetted through the appropriate fiscal committees.

I urge the Legislature to send me a bill as soon as possible in the next session that takes into consideration my concerns.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 1698**  
**VETOED DATE: 10/07/2005**

To the Members of the California State Assembly:

I am returning Assembly Bill 1698 without my signature.

AB 1698 would require health care service plans to continue coverage of dependent children until the dependent's 26th birthday. The bill also provides that employers covered through the Public Employees Retirement System (PERS) and the University of California (UC) are not required to pay the cost of dependent coverage for dependents between the ages of 22 and 26.

I believe in providing access to affordable health insurance, however, mandating employers such as school districts and small businesses to include coverage for dependents up to the age of 26, when current dependent coverage is typically to age 19 or 24 if the dependent is in college, will impose additional costs on employers at a time when many are struggling to afford the rising costs of health care. Moreover, health insurance premiums overall may rise as the individuals most likely to elect to continue dependent coverage will be those individuals with preexisting conditions.

While I appreciate the desire of the author to make available dependent health care coverage for young adults under 26, I am concerned that this bill would have the unintended consequence of actually reducing the number of employers taking advantage of dependent health care coverage. As a result, there may be fewer persons with health insurance - not more, as contemplated by this bill.

For these reasons, I am unable to sign this measure.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 2132**  
**VETOED DATE: 09/30/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill 2132 without my signature. This bill would allow an annuitant subject to the Public Health and Hospital Care Act, who reinstates to active status to receive the retiree health benefit provided by the initial employer. Under existing statute, when an annuitant reinstates from retirement as an active employee for a CalPERS contracting agency, the new employer is responsible for paying the employer contribution for the annuitant's health coverage when that annuitant retires for the second time.

This bill is intended to eliminate disincentives for retirees to return to work. It would encourage experienced public employees to return to public service upon deciding that they no longer wish to be retired, and remove a significant incentive to forgo public service for work in the private sector.

However, because of changes in the Governmental Accounting Standard Board rules, both state and local governments will be undertaking an actuarial assessment of their unfunded retiree health benefits. With that information in hand, we can consider the impact the changes made in this bill will have on our retirement systems. Until then, this bill is premature.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 2170**  
**VETOED DATE: 09/29/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill 2170 without my signature because it does not acknowledge the impact of federal pre-emption in the regulation of benefits and other aspects of Medicare drug plans and would erroneously create the impression that California oversees benefits and can assess the relative value of the products offered. The federal government is the regulator of Medicare Part D plans, and maintains all the data regarding these plans. The state has jurisdiction only over aspects of the financial solvency for these federal plans. California has taken numerous steps to mitigate implementation challenges of the federal Medicare Prescription Drug program and maintain access to lifesaving medications for seniors and persons with disabilities, in a manner that is consistent with the states role, responsibilities and legal authority. With my partners in the Legislature, I took immediate action to provide emergency drug coverage to Californians dually eligible for Medi-Cal and Medicare who could not access vital medications through the federal Medicare Prescription Drug Program. Building on the states role and legal authority, I have signed AB 2667 (Baca) to ensure state departments and the CalPERS Board consider a plans performance under the Medicare Part D program and in other states when conducting state licensing or contracting for state funded services.

For these reasons I am returning AB 2170 without my signature.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 2355**  
**VETOED DATE: 09/29/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill No. 2355 without my signature.

The sabbatical leave system encourages faculty of the California State University to continually strive for professional growth and academic excellence. Whether, when and what type of employer-paid benefits an employee should receive during a sabbatical is subject to collective bargaining under the Higher Education Employer Relations Act.

Sincerely,

Arnold Schwarzenegger



**BILL NUMBER: AB 2404**  
**VETOED DATE: 09/29/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill 2404 without my signature.

Although I agree that the Legislature should base their decisions on sound information that is true, accurate and complete, I believe that this bill is the wrong approach. By requiring that only mandatory reports submitted to the Legislature and State Controller contain signed statements attesting to their accuracy, this bill would create an inconsistent system in which some of the information considered in the legislative process is subject to declarations of truth, while the majority of the written material used in the legislative process is accepted as truth without such verification.

The Legislature already has the authority to question the accuracy of a report by requiring those responsible for submitting the report to attest to the accuracy of the report under oath. Given this legislative oversight and the fact that state law already makes it a misdemeanor for a state or local official to submit a written report containing false information to the State Controller, this measure is unnecessary.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 2570**  
**VETOED DATE: 09/29/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill 2570 without my signature. I strongly support investing in California. It strengthens our economy and provides jobs for Californias hardworking people. However, this bill would impose new administrative costs on city and county pension systems at a time when those systems are fighting contain administrative costs and obtain a reasonable rate of return for their pensioners.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: AB 2927**  
**VETOED DATE: 09/30/2006**

To the Members of the California State Assembly:

I am returning Assembly Bill 2927 without my signature. An open and accessible government is critical to instill confidence in the governed. Indeed the people recently voted overwhelmingly to amend California's Constitution to make access to public records a fundamental right. That is why I issued Executive Order S-03-06 which directs all state departments to post PRA request guidelines in a conspicuous public place at all office locations and to identify and designate staff to handle the requests and ensure appropriate training in PRA compliance for designated staff members. As a result of the order, all executive branch agencies have reviewed their public records procedures.

They have been revamped to improve performance and compliance and extensive training has been provided to state agency staff. These efforts address the problem this bill is attempting to fix. In addition the provision allowing the Attorney General to review denials of public records requests is unduly burdensome. The Attorney General is the attorney for most State agencies and advises agencies on responding to such requests and thus this bill creates an inherent conflict of interest. I will continue to require the highest standards of compliance with the Public Records Act throughout the executive branch.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: SB 840**  
**VETOED DATE: 09/22/2006**

To the Members of the California State Senate:

While I commend Sen. Sheila Kuehl's commitment and dedication to providing health care coverage for all Californians, I must return SB 840 without my signature because I cannot support a government-run health care system. Socialized medicine is not the solution to our state's health care problems. This bill would require an extraordinary redirection of public and private funding by creating a vast new bureaucracy to take over health insurance and medical care for Californians - a serious and expensive mistake. Such a program would cost the state billions and lead to significant new taxes on individuals and businesses, without solving the critical issue of affordability. I won't jeopardize the economy of our state for such a purpose. SB 840 relies on the failed old paradigm of using one source - this time the government - to solve the complex problem of providing medical care for our people. It uses the same one-sided approach tried in SB 2, the employer-mandated coverage measure signed into law before I became governor. I opposed SB 2 because it placed nearly the entire burden on employers, and voters repealed it in 2004. I want to see a new paradigm that addresses affordability, shared responsibility and the promotion of healthy living. Single payer, government-run health care does none of this. Yet it would reduce a person's ability to choose his or her own physician, make people wait longer for treatment and raise the cost of that treatment. With my partners in the Legislature, I look forward in 2007 to working to develop a comprehensive and systemic approach to health care that not only provides affordable medical treatment to people when they are ill, but that strives to make sure people don't get sick in the first place. An approach that supports cost containment and recognizes the shared responsibility of individuals, employers and government. That promotes personal responsibility and builds on existing private and public systems. As part of this comprehensive approach, my administration already has worked hard on the fight against obesity, a leading cause of disease in this country. I signed the landmark Healthy Schools Now Act, which bans junk food and sugar-laden drinks in public schools. Our budget included \$18 million to replace that junk food with fresh fruits and vegetables so we can start promoting healthy living choices for our youngsters. Recently I signed AB 2384 (Leno) to make fruits and vegetables more affordable and accessible in low-income communities and AB 2226 (Garcia) to help inform 7th grade students and their parents or guardian(s) of the risk of Type 2 Diabetes. Our efforts to effectively prevent and detect diseases extend far beyond obesity prevention. I recently signed legislation to ensure early detection of hearing loss through newborn hearing screenings (AB 2651- Jones). Since I've taken office we have expanded newborn health screenings from 33 to 85, dramatically increasing the ability to prevent or detect disease early to keep our children as healthy as possible from the beginning. On the question of access, I've made children's coverage a

priority, resulting in nearly a quarter million additional children covered by our Medi-Cal and Healthy Families programs. Building on an \$80 million budget investment to target uninsured children who are eligible, but not enrolled in state health care programs, I signed legislation to eliminate roadblocks to coverage, streamline enrollment for Medi-Cal and Healthy Families and reduce the number of kids that lose coverage due to administrative barriers. (SB 437 Escutia, AB 1948 Montanez, and AB 1851 Coto) And on the question of affordability, I reached agreement with the Legislature to provide discounts on prescription drugs of up to 40 - 60 percent off brand name and generic drugs for our neediest citizens.

But we're not stopping there. I convened a California Health Care Summit in July that for the first time brought together experts on all sides of this issue. At the table with us were representatives from academia, government, business, health care and labor. From that summit and follow-up meetings, there emerged a strong sense of how to proceed on health care reform. Affordability is the key to making our system work for everyone, and affordability is exactly what we are dedicating ourselves to. By implementing a statewide plan advancing health information technology that I called for in a recent executive order, we can shave billions of dollars off healthcare costs in California. By creating the 500 elementary school-based health centers I called for in our Health Summit, medical treatment will be more accessible to our children who need it most and they can avoid costly emergency care. We have made progress toward this goal by enacting legislation (AB 2561 Ridley-Thomas) to support Californias school health centers by increasing cross-agency collaboration, gathering data about services delivered in school health centers throughout the state and providing technical assistance to aid in the development of new and existing school health centers. With the same willingness to compromise that we showed this past legislative session on issues like global warming, I know we can reach our goals. I look forward to working with Sen. Kuehl and other members of the Legislature, as well as the experts who participated in our summit and other stakeholders, to create a healthier California. For these reasons, I am returning SB 840 without my signature.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: SB 917**  
**VETOED DATE: 10/06/2005**

To the Members of the California State Senate:

I am returning Senate Bill 917 without my signature.

I support this bill's intent to provide consumers with additional information regarding what hospitals charge for common medical procedures than what was required by Assembly Bill 1627 (Chapter 582, Statutes of 2003). However, this bill is unnecessary. Since Senate Bill 917 was introduced the Office of Statewide Health Planning and Development (OSHPD) has posted the 25 most common Diagnosis Related Groups for California's hospitals on its website.

In addition, I have signed Assembly Bill 1045, which expands OSHPD's current practice to include outpatient procedures and makes additional information available to consumers beyond what would be required under Senate Bill 917. Assembly Bill 1045 will allow consumers access to inpatient and outpatient charge information to make more informed decisions when seeking hospital care.

For these reasons I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: SB 1223**  
**VETOED DATE: 09/28/2006**

To the Members of the California State Senate:

I am returning Senate Bill 1223 without my signature as it may contribute to rising premiums and make health care less affordable and accessible for uninsured Californians. This bill is substantially similar to Senate Bill 1158 (Scott) which I vetoed in 2004. I am concerned that increasing the cost of health coverage by mandating benefits, if even by a small amount, may leave more children without any health insurance.

According to the Kaiser Family Foundation, Health insurance premiums have steadily risen by double digits every year since 2001 and employers cite high premiums as the most common reason for not offering health coverage. I am concerned that without fundamental changes in the system, insurance coverage will become even less affordable for workers and employers. This is why I want to see a new health care paradigm that addresses affordability, shared responsibility and the promotion of healthy living. Consistent with this approach, I have signed AB 2651 (Jones) to ensure early detection of hearing loss through newborn hearing screenings. Early detection is critical to ensuring children with hearing loss receive effective treatment and intervention to support them in developing strong communication skills, and succeeding in school.

I look forward to building on our efforts to date and working with my partners in the Legislature, to develop a comprehensive and systemic approach to health care that supports cost containment, recognizes the shared responsibility of individuals, employers and government, and not only provides medical treatment to people when they are sick, but strives to make sure people don't get sick in the first place.

Sincerely,

Arnold Schwarzenegger

**BILL NUMBER: SB 1729**  
**VETOED DATE: 09/29/2006**

To the Members of the California State Senate:

I am returning Senate Bill No. 1729 without my signature.

While this bill attempts to address the pending Governmental Accounting Standards Board changes to public sector accounting for retiree healthcare benefits, the bill is drafted in a manner that could create new healthcare benefit obligations into the future that do not exist today.

The issues addressed by this bill are very important, and they require immediate attention. I look forward to working with all interested parties on legislation to create a structure for the state and local governments to prefund non-pension post-employment benefits. I am directing my staff and the Department of Finance to work with the parties interested in the bill before the new Legislative session convenes so the Legislature can address this issue early in the 2007-08 legislative session, possibly with urgency legislation. I am confident that by working together, all the interested parties can craft a structure that meets the needs of employers and employees without creating any unintended consequences.

Sincerely,

Arnold Schwarzenegger